

SOL GLOBAL INVESTMENTS CORP.

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF
SOL GLOBAL INVESTMENTS CORP.**

TO BE HELD ON TUESDAY OCTOBER 15, 2019

AND

MANAGEMENT INFORMATION CIRCULAR

DATED SEPTEMBER 13, 2019

SOL GLOBAL INVESTMENTS CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be Held on October 15, 2019

Notice is hereby given that the special meeting (the “**Meeting**”) of the holders of common shares of **SOL Global Investment Corp.** (the “**Corporation**”) will be held at the offices of Gowling WLG (Canada) LLP, Suite 1600, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, Canada on Tuesday October 15th, 2019 at 10:00 a.m. (Toronto time) for the following purposes:

- (1) to consider and, if thought appropriate, pass an ordinary resolution to approve a change of business of the Corporation from an “investment company” to a “life sciences issuer” that will operate as a multistate cannabis operator, such change of business to be implemented at the sole discretion of the board of directors and subject to approval from the Canadian Securities Exchange; and
- (2) to consider and, if thought appropriate, pass a special resolution authorizing the amendment of the Corporation’s articles to change its name from “SOL Global Investments Corp.” to “Bluma Wellness Inc.”
- (3) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the management information circular (the “**Circular**”) accompanying this Notice of Meeting.

Shareholders are invited to attend the Meeting. *Registered Shareholders* who are unable to attend the Meeting in person are requested to read the Circular and the form of proxy which accompanies this notice and to complete, sign, date and deliver the form of proxy, together with the power of attorney or other authority, if any, under which it was signed (or a notarially certified copy thereof) to the Corporation’s transfer agent, TSX Trust Company, 100 Adelaide St. W., Suite 301, Toronto, Ontario M5H 4H1, or by fax at (416) 595-9593, Attention: Proxy Department. *Non-registered Shareholders* who receive the Circular and voting form through an intermediary must deliver the voting form provided in accordance with the instructions given by such intermediary. To be effective, proxies must be received by TSX Trust Company not later than Thursday October 10, 2019 at 10:00 a.m. (Toronto time), or in the case of any adjournment of the Meeting not later than 48 hours prior to the Meeting, excluding Saturdays, Sundays and holidays, or any adjournment thereof.

DATED the 13th day of September, 2019.

By Order of the Board of Directors

“*Brady Cobb*”

BRADY COBB,
CHIEF EXECUTIVE OFFICER AND DIRECTOR

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GLOSSARY OF DEFINED TERMS

The following is a glossary of certain terms used in this Circular. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders. All dollar amounts herein are in Canadian dollars, unless otherwise stated.

“3 Boys Farms” means Three Boys Farms, LLC.

“ABP” means ABP S.A.

“Aphria” means Aphria Inc.

“Audit Committee” means the audit committee of the Corporation.

“Bank Secrecy Act” means the U.S. Currency and Foreign Transactions Reporting Act of 1970.

“BCC” means Bureau of Cannabis Control.

“Beneficial Holder” has the meaning set out in *“Proxies”*.

“Board” or **“Board of Directors”** means the board of directors of the Corporation.

“CannCure” means CannCure Investments Inc.

“CannCure Acquisition” has the meaning set out in *“General Development of the Business”*.

“CBD” means cannabidiol, one of the primary cannabinoids contained in cannabis.

“CDS” means Canada’s central securities depository.

“Change of Business” means the proposed change in the nature of the business of the Corporation from a “life sciences issuer” to an “investment company”.

“Change of Business Resolution” has the meaning set out in *“Matters to be Acted Upon at Meeting”*.

“Circular” means this management information circular of the Corporation dated September 13, 2019 and all documents attached to or incorporated by reference into the circular.

“Colcanna” means Colcanna SAS.

“Cole Memorandum” has the meaning set out in *“Regulatory Overview”*.

“Common Shares” or **“Shares”** means the common shares in the capital of the Corporation.

“Compensation Committee” means the compensation committee of the Corporation.

“Corporation” means SOL Global Investments Corp. (formally Scythian Biosciences Corp.).

“CSA” means the United States federal Controlled Substances Act (21 U.S.C. § 811).

“CSE” means the Canadian Securities Exchange.

“DEA” means the Drug Enforcement Agency of the DOJ.

“Debenture” has the meaning set out in *“Interests of Informed Persons in Material Transactions”*..

“DOJ” means the United States Department of Justice.

“**DSU**” means deferred share unit.

“**DSU Participant**” means the directors, full-time employees and officers of the Issuer or of any affiliate or associate of the Issuer permitted to participate in the DSU Plan in accordance with its terms.

“**DSU Payment**” has the meaning set out in “*Statement of Executive Compensation*”.

“**DSU Plan**” means the Corporation’s deferred share unit plan.

“**FDA**” means the United States Food and Drug Administration.

“**FinCEN**” means the U.S. Department of the treasury’s Financial Crimes Enforcement Network.

“**FinCEN Memorandum**” has the meaning set out in “*Regulatory Overview*”.

“**February 2018 Offerings**” has the meaning set out in “*General Development of the Business*”.

“**Impact**” means Impact Biosciences Corp.

“**IRS**” means the U.S. Internal Revenue Services.

“**Kitrinor**” means Kitrinor Metals Inc.

“**Latin America Transaction**” has the meaning set out in “*General Development of the Business*”.

“**Marigold**” means Marigold Acquisitions Inc.

“**Marigold Jamaica**” means Marigold Projects Jamaica Limited.

“**MCP Wellness**” means MCP Wellness Inc.

“**Meeting**” means the special meeting of the Shareholders of the Corporation that will be held at the offices of Gowling WLG (Canada) LLP, on Tuesday October 15th, 2019 at 10:00 a.m. (Toronto time).

“**MMJ Argentina**” means MMJ International Investments Inc.

“**MMJ Colombia**” means MMJ Colombia Partners Inc.

“**MMTC**” means Medical Marijuana Treatment Center.

“**Named Executive Officers**” has the meaning set out in “*Statement of Executive Compensation*”.

“**NASDAQ**” means the NASDAQ Capital Market.

“**NI 52-110**” means National Instrument 52-110 - *Audit Committees*.

“**Notice of Meeting**” means the Notice of Special Meeting of Shareholders.

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time.

“**OTCQB Marketplace**” means the OTCQB Venture Market of the U.S.-based OTC Markets Group.

“**PrivateCo**” has the meaning set out in “*General Development of the Business*”.

“**Prospectus Offering**” has the meaning set out in “*General Development of the Business*”.

“**RTO Share Consolidation**” has the meaning set out in “*Corporate Structure*”.

“RTO Transaction” has the meaning set out in *“General Development of the Business”*.

“Sessions Memorandum” has the meaning set out in *“Regulatory Overview”*.

“Shareholder” means a holder of Common Shares of the Corporation.

“Staff Notice 51-352” means Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* issued by the Canadian Securities Administrators.

“Stock Option Plan” means the Corporation’s stock option plan.

“Stock Split” means the forward stock split of the Common Shares on a four (4) for one (1) basis completed on April 12, 2018.

“Surplus Escrow Agreement” has the meaning set out in *“Escrowed Securities”*.

“THC” means delta-9-tetrahydrocannabinol.

“Three Habitat” means Three Habitat Consulting Holdco Inc.

“TSX” means the Toronto Stock Exchange.

“TSXV” means the TSX Venture Exchange.

“Units” means units of the Corporation.

“Verano” means Verano Holdings, LLC.

FORWARD-LOOKING INFORMATION

This Circular contains certain information that may constitute "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") which are based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect," "likely," "may," "will," "should," "intend," "anticipate," "potential," "proposed," "estimate," "believe," "anticipates" "plan", "expect", "forecast" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this Circular are made only as of the date of this Circular. Forward-looking statements in this Circular include, but are not limited to, statements with respect to:

- (a) The Corporation's Change of Business from an "investment company" to a "life sciences" issuer and its transition to a U.S. multi-state operator;
- (b) the strategic plans of the Corporation to grow and expand its business and operations in the United States;
- (c) any commentary related to the legalization of cannabis in the United States and elsewhere and the timing related thereto;
- (d) whether the United States government will enforce federal laws relating to cannabis and prosecute cannabis-related crimes;
- (e) changes in laws, regulations and guidelines relating to the Corporation's business, liabilities inherent in cannabis development operations;
- (f) the Corporation's proposed expansion into the States of Michigan and California;
- (g) the announced spin-off of the Corporation's assets that are non-core as a result of the Change of Business into a new independent investment company following a strategic review and independent valuation of the Corporation's assets;
- (h) the terms and conditions of the proposed acquisitions of MCP Wellness, Northern Emeralds, and 6 licensed dispensaries from Three Habitat, including timing on the closing of the transactions;
- (i) the proposed operation under the One Plant® name and the intention to open One Plant® branded dispensaries throughout California, Florida and Michigan.
- (j) MCP Wellness's growth plans, including plans to open provisioning centers, cultivation facilities and process facilities and timing of their openings;
- (k) the strategic growth plans of 3 Boys Farms, including
 - (i) plans to open six (6) retail dispensaries in Florida by the end of 2019;
 - (ii) plans to open seventeen (17) stores in Florida by the end of 2020; and
 - (iii) timing of construction of 3 Boys Farms' greenhouse in Indiantown, Florida, and the expected output of cannabis at that facility;
- (l) the repayment of the senior secured non-convertible Debenture;
- (m) the Corporation's plans to retain any earnings to finance growth and expand its operations instead of paying any dividends on the Common Shares for the foreseeable future;

- (n) the repayment of the loans advanced by the Corporation to Roger Rai and Gary Leong;
- (o) the outcomes of litigation that the Corporation is a party to;
- (p) the expectation that the Corporation will derive a substantial portion of its revenues from the cannabis industry in certain states;
- (q) the Corporation's belief that state limitations on licenses may not prevent it from capturing significant share of revenue in the market;
- (r) the Corporation's belief that it may still capture a significant share of revenue in the market through wholesale sales, exclusive marketing relations, provision of management or support services, franchising, and similar arrangement with other operators;
- (s) the Corporation's reliance on positive net income from continuing operations and capital markets for future funding to meet its ongoing obligations;
- (t) the Corporation's ability to generate revenue and market product candidates from its cannabinoid therapy research; and
- (u) other risks described in this Circular and described from time to time in documents filed by the Corporation with securities regulatory authorities;

Although the Corporation believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Corporation's forward-looking statements are expressly qualified in their entirety by this cautionary statement. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. Undue reliance should not be placed on forward-looking statements contained in this Circular. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

SOL GLOBAL INVESTMENTS CORP.
MANAGEMENT INFORMATION CIRCULAR
FOR THE SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON OCTOBER 15, 2019

PROXIES

Solicitation of Proxies

This Circular is furnished in connection with the solicitation, by or on behalf of the management of the Corporation, of proxies to be used at the Corporation's special meeting of the holders of Common Shares to be held at 10:00 a.m. (Toronto time) on Tuesday October 15th, 2019 (the "Meeting") or at any adjournment thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation, or by the Corporation's transfer agent, TSX Trust Company at nominal cost. The cost of solicitation will be borne by the Corporation.

Appointment of Proxyholder

The person(s) designated by management of the Corporation in the enclosed form of proxy are directors or officers of the Corporation. **Each Shareholder has the right to appoint as proxyholder a person or company (who need not be a Shareholder of the Corporation) other than the person(s) or company(ies) designated by management of the Corporation in the enclosed form of proxy to attend and act on the Shareholder's behalf at the Meeting or at any adjournment thereof.** Such right may be exercised by inserting the name of the person or company in the blank space provided in the enclosed form of proxy or by completing another form of proxy.

Registered Shareholders who are unable to attend the Meeting in person are requested to read the Circular and the form of proxy which accompanies the Notice of Special Meeting of Shareholders (the "**Notice of Meeting**") and to complete, sign, date and deliver the form of proxy, together with the power of attorney or other authority, if any, under which it was signed (or a notarially certified copy thereof) to the Corporation's transfer agent, TSX Trust Company, 100 Adelaide St. W., Suite 301, Toronto, Ontario M5H 4H1, or by fax at (416) 595-9593, Attention: Proxy Department. *Non-registered Shareholders* who receive the Circular and voting form through an intermediary must deliver the voting form in accordance with the instructions given by such intermediary. To be effective, proxies must be received by TSX Trust Company not later than Thursday, October 10, 2019 at 10:00 a.m. (Toronto time), or in the case of any adjournment of the Meeting not later than 48 hours prior to the meeting, excluding Saturdays, Sundays and holidays, or any adjournment thereof.

Revocation of Proxy

A Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been held pursuant to its authority by an instrument in writing executed by the Shareholder or by the Shareholder's attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized and deposited at either the above mentioned office of TSX Trust Company by no later than 48 hours prior to the Meeting, excluding Saturdays, Sundays and holidays, or any adjournment or postponement thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. Notwithstanding the foregoing, if a registered Shareholder attends personally at the Meeting, such Shareholder may revoke the proxy and vote in person.

Voting of Proxies

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the person(s) designated by management of the Corporation in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions given on the form of proxy, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Circular, management of the Corporation is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly executed proxies given in favour of the person(s) designated by management of the Corporation in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

Advice to Beneficial Shareholders

The information set forth in this section is of importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. In many cases, Common Shares beneficially owned by a holder (a "Beneficial Holder") are registered either (a) in the name of an intermediary that the Beneficial Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIAs, RESPs and similar plans, or (b) in the name of a depository (such as Clearing and Depository Services Inc. or "CDS"). Beneficial Holders should note that only proxies deposited by Shareholders who are registered Shareholders (that is, Shareholders whose names appear on the records maintained by the registrar and transfer agent for the Common Shares as registered holders of Common Shares) will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Holder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the direction of the Beneficial Holder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, each Beneficial Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Existing regulatory policy requires brokers and other intermediaries to forward meeting materials to Beneficial Holders, unless the Beneficial Holder has waived the right to receive them, and seek voting instructions from Beneficial Holders in advance of Shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Holders in order to ensure that their Common Shares are voted at the Meeting.

The voting instruction form supplied to such Beneficial Holders by their broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) on how to vote on behalf of the Beneficial Holder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Holders and asks Beneficial Holders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Holder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, CDS & Co. or another intermediary, the Beneficial Holder may attend the Meeting as proxyholder and vote the Common Shares in that capacity. **Beneficial Holders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder, should enter their own names in the blank space on the voting instruction form provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

Beneficial Holders fall into two categories - those who object to their identity being made known to the issuers of securities which they own ("**OBOs**") and those who do not object to their identity being made known to the issuers of the securities which they own ("**NOBOs**"). Subject to the provisions of National Instrument 54-101, issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and the Corporation or TSX Trust Company has sent the meeting materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf. The Corporation's OBOs can expect to be contacted by their respective intermediaries. The Corporation intends to pay for intermediaries to deliver the meeting materials to OBOs.

All references to Shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

VOTING SHARES

Voting Shares

As at the close of business on September 6, 2019, the Corporation had 54,629,256 Common Shares outstanding, each carrying the right to one vote per share. Except as otherwise noted in this Circular, a simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote with the exception of the name change which requires approval by at least two-thirds of the votes cast thereon at the Meeting. The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them. **In the absence of such direction, those Common Shares will be voted in favour of ("FOR") all resolutions.**

Record Date

The Board of Directors has fixed September 6, 2019 as the record date (the "**Record Date**") for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. Any holder of Common Shares of record at the close of business on the Record Date is entitled to vote the Common Shares registered in such Shareholder's name at that date on each matter to be acted upon at the Meeting.

Principal Shareholders

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, no person beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of the voting rights attached to the outstanding Common Shares of the Corporation.

MATTERS TO BE ACTED UPON AT MEETING

1. Approval of Change of Business

At the Meeting, Shareholders will be asked to consider an ordinary resolution approving the change of business of the Corporation (the "**Change of Business**"). The Corporation is currently an investment company. The Board proposes changing the business of the Corporation to that of a life sciences issuer that will operate as a multi-state cannabis operator in U.S. jurisdictions where the cultivation and distribution of medical and/or recreational cannabis has been legalized. The Corporation will initially operate in the State of Florida with plans to expand into the States of Michigan and California. All non-core assets of the Corporation are expected to be spun off into a

new, separate independent company following a strategic review and independent valuation of the assets. The Corporation has keyed in on a path to profitability by keeping the capital expense and the operating expense low with an efficiency-driven model of integrating operations (in compliance with state and federal laws and regulations) and streamlining management, brand deployment and the Corporation's proprietary delivery models across all three (3) states. The Corporation's proposed business will be subject to a number of significant risks. Shareholders should carefully consider each of such risks and all of the information in this Circular regarding the proposed Change of Business. The success of the Change of Business will depend on, among other things, the expertise, ability, judgment, discretion, integrity and good faith of its management. For a full description of the proposed new business and the risk factors, see Schedule "A" to this Circular.

Cannabis Activities are Illegal under US Federal Law

If the proposed Change of Business is approved and completed, then the Corporation will derive a substantial portion of its revenues from the cannabis industry in certain states of the United States where local state laws permit such activities, but such industry is illegal under United States federal law.

The United States federal government regulates drugs through the CSA, which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States marijuana is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal Controlled Substances Act, which makes cannabis use and possession federally illegal. Although certain states authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum. With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the Department of Justice policy under Attorney General Jeff Sessions was to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Corporation could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects would be materially adversely affected. See "Risk Factors" in Schedule "A" to this Circular for additional information on this risk.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the

Canadian Securities Administrators published Staff Notice 51-352 setting out the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

Please see the table of concordance under *Issuers with U.S. Marijuana-Related Activities – Reporting Obligations* in Schedule A for further information on the material facts, risks and uncertainties related to U.S. issuers with marijuana-related activities.

Florida

The Corporation currently conducts licensed operations to cultivate and distribute medical cannabis in the State of Florida through 3 Boys Farms, LLC ("**3 Boys Farms**") in accordance with Florida state law. 3 Boys Farms is one of 14 vertically integrated and licensed medical marijuana treatment centers in Florida that operate pursuant to Florida Statutes section 381.986. 3 Boys Farms has one fully operational greenhouse cultivation facility located in Ruskin, Florida that has a total canopy size of approximately 24,000 square feet, as well as harvest and post harvesting cure facilities. Monthly output from the Ruskin cultivation facility is approximately 375 pounds of cannabis flower per month.

3 Boys Farms also owns and is operating and/or developing another cultivation, processing and manufacturing facility located on a thirty-three (33) acre parcel of land in Indiantown, Florida. Presently, 3 Boys Farms is operating a 2,500 square foot processing, extraction and distillation laboratory to create THC and low-THC distillates and oils, as well as cannabis flower (sold in varying sizes from eighth ounces to full ounces) and pre-rolled cannabis flower joints (.5 gram and 1 gram units, respectively). Additionally, 3 Boys Farms is constructing a 64,000 square foot indoor facility that will be used for cultivation, processing and manufacturing, as well as a state of the art 50,000 square foot greenhouse facility. The 50,000 square foot greenhouse is expected to be operational by January 2020, and the indoor facility is expected to be fully operational by the fourth quarter of 2020. Once all facilities at Indiantown are fully operational, the facility is expected to produce 20,934 pounds of cannabis per year. 3 Boys Farms has commenced home deliveries throughout Florida with a fleet of 13 vehicles, and plans to open a total of 17 stores statewide by the 4th quarter of 2020. 3 Boys Farms intends to open six (6) retail dispensaries by the end of 2019 (subject to the receipt of all required approvals from the Florida Department of Health, Office of Medical Marijuana Use) in the following locations and order: (1) St. Petersburg, Florida, (2) Jacksonville, Florida, (3) Ft. Myers, Florida, (4) Boynton Beach, Florida, (5) Clearwater, Florida and (6) Port St. Lucie, Florida. The retail dispensaries are expected to carry a diversified range of cannabis and cannabis-related products.

Michigan

On April 24, 2019, the Corporation announced the proposed acquisition of Michigan-based MCP Wellness Inc. ("**MCP Wellness**") for an aggregate purchase price of US\$150 million. MCP Wellness, a special-purpose vehicle created to invest in Michigan cannabis operations, currently holds the rights to acquire two Michigan cultivation licenses, a processing license, and operates three (3) fully licensed cannabis provisioning centers that are located in Detroit, Michigan with a fourth provisioning center scheduled to open in Ann Arbor in September of 2019. MCP Wellness also has plans to open an additional nine (9) municipally-approved provisioning centers by the end of 2019, and construct and operate one (1) cultivation facility and one (1) processing facility by the end of the third quarter of 2020. Closing is expected to occur before the end of 2019. The Corporation is currently conducting a due diligence review of MCP Wellness and, to date, is not aware of any non-compliance of the company's marijuana activities in accordance with Michigan state law. Closing of the transaction remains subject to the execution of a definitive purchase agreement and the receipt of all necessary governmental, corporate and regulatory approvals. There are no assurances that the proposed acquisition of MCP Wellness will be completed as proposed or at all.

California

On May 16, 2019, the Corporation announced the proposed acquisition of California-based E.C.D., Inc. (doing business as "**Northern Emeralds**") for an aggregate purchase price of US\$120 million. Northern Emeralds is a

legally licensed cultivator, processor and distributor of cannabis in the State of California. Northern Emeralds cumulatively holds four separate cultivation licenses, including one processor license, in Humboldt County, California, and a California state distribution license registered in Humboldt County, California. Northern Emeralds' current operations total 35,000 square feet with cannabis flower production capacity of more than 16,000 pounds per year. Closing is expected to occur in late November 2019. The Corporation is currently conducting a due diligence review of Northern Emeralds and, to date, is not aware of any non-compliance of the company's marijuana activities in accordance with California state law. Closing of the transaction remains subject to the execution of a definitive purchase agreement and the receipt of all necessary governmental, corporate and regulatory approvals. There are no assurances that the proposed acquisition of Northern Emeralds will be completed as proposed or at all.

On May 16, 2019, the Corporation concurrently announced the proposed acquisition of six (6) licensed dispensaries in the State of California from Three Habitat Consulting Holdco Inc. ("**Three Habitat**") for an aggregate purchase price of US\$17 million, subject to adjustment based on the achievement of certain post-closing milestones. The dispensaries are expected to be operated under the One Plant® brand. Closing is expected to occur in late November 2019. The Corporation is currently conducting a due diligence review of the dispensaries and, to date, is not aware of any non-compliance of the dispensaries' marijuana activities in accordance with California state law. Closing of the transaction remains subject to the execution of a definitive purchase agreement and the receipt of all necessary governmental, corporate and regulatory approvals. There are no assurances that the proposed acquisition with Three Habitat will be completed as proposed or at all.

The Change of Business is an arm's length transaction. None of the directors, officers or promoters of the Corporation, nor any of their respective associates and affiliates, have any interest in the Change of Business (other than as Shareholders) nor will they receive any consideration from the Corporation in connection therewith.

Shareholders should be aware that completion of the Change of Business is subject to a number of conditions, including Shareholder approval. The Change of Business cannot be completed until all required approvals are obtained and conditions are met, and there can be no assurance that the Change of Business will be completed as proposed, or at all. Shareholders are cautioned that, except as disclosed in the Circular, any information with respect to the Change of Business may not be accurate or complete, and should not be relied upon. At the Meeting, Shareholders will be asked to pass an ordinary resolution in substantially the following form (the "**Change of Business Resolution**"):

"BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION, THAT:

- 1 The change of business of SOL Global Investments Corp. (the "**Corporation**") from an "investment company" to a "life sciences issuer", as those terms are used in the policies of the Canadian Securities Exchange ("**CSE**"), substantially as described in the Corporation's Information Circular dated September 13, 2019 (the "**Circular**"), be and is hereby ratified, confirmed and approved.
- 2 Notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the board of directors be and is authorized and empowered to revoke this resolution at any time prior to the effective date of the implementation of this resolution, and to determine not to proceed with the change of business without further approval of the Corporation's shareholders.
- 3 Any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.

To be effective, the Change of Business Resolution must be approved by not less than a simple majority of the votes cast by Shareholders at the Meeting. **The Board believes the passing of the above resolution is in the best interests of the Corporation and recommends that Shareholders vote FOR the Change of Business Resolution. The persons named in the enclosed form of proxy as proxyholders intend to vote the Common Shares represented by proxies in favour of the proposed resolution.**

2. Approval of Name Change

If the Change of Business is approved and implemented, then the Corporation will change its name to “Bluma Wellness Inc.”. The Corporation believes that the proposed name better reflects its plans to operate as a new U.S. multi-state cannabis operator.

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to pass the following special resolution approving the name change (the “**Name Change Resolution**”):

“RESOLVED THAT:

- 1 the Corporation be authorized to amend the Corporation’s articles to change the name of the Corporation from “SOL Global Investments Corp.” to “Bluma Wellness Inc.” or such other name that the directors of the Corporation in their sole discretion determine appropriate and which any regulatory body having jurisdiction may accept;
- 2 notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and they hereby are, authorized and empowered to revoke this resolution at any time prior to the amendment of the Corporation’s articles and to determine not to proceed with changing the name of the Corporation; and
- 3 any director or officer of the Corporation is authorized and directed to do all other things and execute all documents as may be necessary or desirable to give effect to this resolution.”

The Board recommends that Shareholders vote FOR the Name Change Resolution. Unless a Shareholder has specified in the enclosed form of proxy that the Shares represented thereby are to be voted against the Name Change Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Name Change Resolution. To be effective, the Name Change Resolution must be approved by at least two-thirds of the votes cast thereon at the Meeting.

3. Other Business

The directors and officers of the Corporation are not aware of any matters, other than those indicated in this Circular, which may be submitted to the Meeting for action. However, if any other matters should properly be brought before the Meeting, the enclosed form of proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below, no director or officer of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the financial period ended March 31, 2019, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

On July 5, 2019, the Corporation issued a 6.00% Senior Secured Non-Convertible Debenture to an arm’s length institutional investor in the amount of \$50,000,000 (the “**Debenture**”). A senior executive officer and director of the Corporation and certain other Shareholders provided personal guarantees for the Debenture. The Corporation did not compensate the guarantors for providing such guarantees or assumed or otherwise became subject to any liabilities of the guarantors in connection with them providing the guarantees. The senior executive officer and director disclosed his interest in the transaction as a result of the guarantee and did not participate in the board of directors’ deliberations relating to the delivery of such guarantee and did not vote on the resolutions approving the transaction. The provision of these guarantees by the senior executive officer and director and by the other guarantors did not constitute “related party transactions” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed in this Circular, no person who has been a director or officer of the Corporation at any time since the beginning of the Corporation's most recently completed financial year, nor any associate or affiliate of any of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information about the Corporation is provided in the Corporation's unaudited interim condensed financial statements and MD&A for the three-month periods ended June 30, 2019 and 2018 and the audited comparative annual financial statements and MD&A for the financial years ended March 31, 2019 and 2018.

Shareholders of the Corporation may request copies of the Corporation's financial statements and MD&A by contacting the Chief Financial Officer of the Corporation at (212) 729-9208 or info@solglobal.com.

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DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

Dated as of September 13, 2019.

"Brady Cobb"

Brady Cobb
Chief Executive Officer and Director

SCHEDULE "A" INFORMATION CONCERNING THE CORPORATION

CORPORATE STRUCTURE

Name, Address and Incorporation

The Corporation was originally incorporated under the Ontario *Business Corporations Act* ("**OBCA**") on January 28, 2005 under the name Canexco Resources Ltd. ("**Canexco**"). On February 25, 2005 Canexco filed Articles of Amendment changing its name to Norcanex Resources Ltd. ("**Norcanex**"). On June 6, 2011 Norcanex filed Articles of Amendment changing its name to "Kitrinor Metals Inc." ("**Kitrinor**"). On November 13, 2012, Kitrinor became a reporting issuer in the Provinces of British Columbia, Alberta and Ontario and its common shares began trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "KIT".

On December 5, 2016, the Corporation filed Articles of Amendment consolidating its common shares on a ten (10) to one (1) basis.

On February 16, 2017, trading of the Common Shares on the TSXV was halted pending final approval of the RTO Transaction by the TSXV.

On August 1, 2017, the Corporation completed the RTO Transaction and filed Articles of Amendment to change its name from "**Kitrinor Metals Inc.**" to "**Scythian Biosciences Corp.**" and to effect the consolidation of its Common Shares on a twenty (20) to one (1) basis (the "**RTO Share Consolidation**"). Following completion of the RTO Transaction, the Common Shares resumed trading on the TSXV on August 8, 2017 under the symbol "**SCYB**".

On April 12, 2018, the Corporation filed Articles of Amendment effecting a stock split of the Common Shares on a four (4) for one (1) basis (the "**Stock Split**").

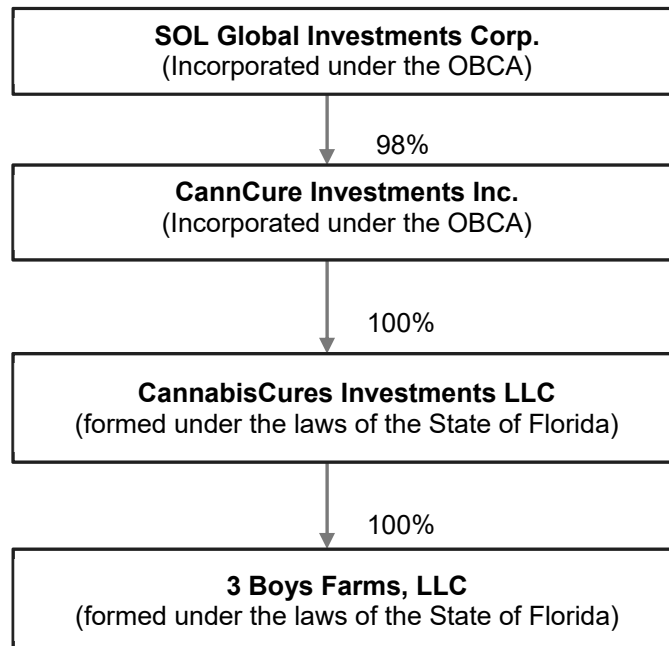
On August 14, 2018, the Corporation voluntarily delisted its shares from the TSXV. On August 14, 2018, the Corporation was approved for listing on the CSE. The Common Shares began trading on August 15, 2018 under the symbol "**SCYB**".

On October 25, 2018, the Corporation filed Articles of Amendment to change its name from "**Scythian Biosciences Corp.**" to "**SOL Global Investments Corp.**" The Common Shares began trading on the CSE under the symbol "**SOL**".

The Corporation's head office and registered office is located at 100 King Street, Suite 5600, Toronto, Ontario, M5X 1C9. Its telephone number is (212) 729-9208 and its corporate website is www.solglobal.com.

Intercompany Relationships

The following chart illustrates the Corporation's corporate structure pursuant to the Change of Business, together with the governing law of each principal material subsidiary and the percentage of voting securities beneficially owned by the Corporation.



DESCRIPTION OF THE BUSINESS

The Corporation's present business is that of an international investment company with a focus on investing in cannabis and cannabis related companies in legal U.S. states, the hemp and CBD marketplaces and the emerging European cannabis and hemp marketplaces with an objective of providing shareholders with a long-term return through capital appreciation, dividends and interest from its investments.

The Board is proposing a change of business of the Corporation to that of a life sciences issuer that will operate as a multi-state cannabis operator in U.S. jurisdictions where the cultivation and distribution of cannabis is now legal. The Corporation will initially operate in the State of Florida with plans to expand into the States of Michigan and California. If the Change of Business is approved and implemented, then the Corporation will change its name to "Bluma Wellness Inc.". All non-core assets of the Corporation will be spun off into a new, separate independent company following a strategic review and independent valuation of the assets.

The Corporation believes that it will have access to sufficient private capital in the United States and private and public capital in Canada to support its operations upon the Change of Business. The Corporation's balance sheet will be fully exposed to US marijuana-related activities upon the Change of Business.

Florida

The Corporation owns 3 Boys Farms, which conducts licensed operations to cultivate and distribute medical cannabis in the State of Florida in accordance with Florida state law. 3 Boys Farms is one of the original 14 vertically integrated and licensed medical marijuana treatment centers in Florida that operate pursuant to Florida Statutes section 381.986. 3 Boys Farms has one fully operational greenhouse cultivation facility located in Ruskin, Florida that has a total canopy size of approximately 24,000 square feet, as well as harvest and post harvesting cure facilities. Monthly output from the Ruskin cultivation facility is approximately 375 pounds of cannabis flower per month.

3 Boys Farms also owns and is operating and/or developing another cultivation, processing and manufacturing facility located on a thirty-three (33) acre parcel of land in Indiantown, Florida. Presently, the

3 Boys Farm is operating an 2,500 square foot processing, extraction and distillation laboratory to create THC and low THC distillates and oils, as well as cannabis flower (sold in varying sizes from eighth ounces to full ounces) and pre-rolled cannabis flower joints (.5 gram and 1 gram units, respectively). Additionally, 3 Boys Farms is constructing a 64,000 square foot indoor facility that will be used for cultivation, processing and manufacturing, as well as a state of the art 50,000 square foot greenhouse facility. The 50,000 square foot greenhouse is expected to be operational by January 2020, and the indoor facility will be fully operational by the fourth quarter of 2020. Once all facilities at Indiantown are fully operational, the facility is expected to produce 20,934 pounds of cannabis per year. 3 Boys Farms has commenced home deliveries throughout Florida with a fleet of 13 vehicles, and plans to open a total of 17 stores statewide by the 4th quarter of 2020. 3 Boys Farms intends to open six (6) retail dispensaries by the end of 2019 (subject to the receipt of all required approvals from the Florida Department of Health, Office of Medical Marijuana Use) in the following locations and order: (1) St. Petersburg, Florida, (2) Jacksonville, Florida, (3) Ft Myers, Florida, (4) Boynton Beach, Florida, (5) Clearwater, Florida and (6) Port St. Lucie, Florida. The retail dispensaries are expected to carry a diversified range of cannabis and cannabis-related products.

The Corporation has developed and established robust operating protocols and procedures to ensure it complies with its Florida licensing requirements. In addition, the Corporation has obtained and continues to obtain legal advice from local Florida legal counsel regarding local state and federal laws pertaining to US marijuana activities.

Michigan

On April 24, 2019, the Corporation announced the proposed acquisition of Michigan-based MCP Wellness for an aggregate purchase price of US\$150 million. MCP Wellness, a special-purpose vehicle created to invest in Michigan cannabis operations, currently holds the rights to acquire two Michigan cultivation licenses, a processing license, and operates three (3) fully licensed cannabis provisioning centers that are located in Detroit, Michigan with a fourth provisioning center scheduled to open in Ann Arbor in September of 2019. MCP Wellness also has plans to open an additional nine (9) municipally-approved provisioning centers by the end of 2019, and construct and operate one (1) cultivation facility and one (1) processing facility by the end of the third quarter of 2020. Closing is expected to occur before the end of 2019. The Corporation is currently conducting a due diligence review of MCP Wellness and, to date, is not aware of any non-compliance of the company's marijuana activities in accordance with Michigan state law. Closing of the transaction remains subject to the execution of a definitive purchase agreement and the receipt of all necessary governmental, corporate and regulatory approvals. There are no assurances that the proposed acquisition of MCP Wellness will be completed as proposed or at all.

The Corporation has engaged US legal counsel to advise the Corporation on Michigan state and federal laws pertaining to US marijuana activities.

California

On May 16, 2019, the Corporation announced the proposed acquisition of California-based E.C.D., Inc. (doing business as "**Northern Emeralds**") for an aggregate purchase price of US\$120 million. Northern Emeralds is a legally licensed cultivator, processor and distributor of cannabis in the State of California. Northern Emeralds cumulatively holds four separate cultivation licenses, including one processor license, in Humboldt County, California, and a California state distribution license registered in Humboldt County, California. Northern Emeralds' current operations total 35,000 square feet with cannabis flower production capacity of more than 16,000 pounds per year. Closing is expected to occur in late November 2019. The Corporation is currently conducting a due diligence review of Northern Emeralds and, to date, is not aware of any non-compliance of the company's marijuana activities in accordance with California state law. Closing of the transaction remains subject to the execution of a definitive purchase agreement and the receipt of all necessary governmental, corporate and regulatory approvals. There are no assurances that the proposed acquisition of Northern Emeralds will be completed as proposed or at all.

On May 16, 2019, the Corporation concurrently announced the proposed acquisition of six (6) licensed dispensaries in the State of California from Three Habitat for an aggregate purchase price of US\$17 million,

subject to adjustment based on the achievement of certain post-closing milestones. The dispensaries are expected to be operated under the One Plant® brand. Closing is expected to occur in late November 2019. The Corporation is currently conducting a due diligence review of the dispensaries and, to date, is not aware of any non-compliance of the dispensaries' marijuana activities in accordance with California state law. Closing of the transaction remains subject to the execution of a definitive purchase agreement and the receipt of all necessary governmental, corporate and regulatory approvals. There are no assurances that the proposed acquisition with Three Habitat will be completed as proposed or at all.

The Corporation has engaged US legal counsel to advise the Corporation on California state and federal laws pertaining to US marijuana activities.

The Corporation has keyed in on a path to profitability by keeping the capital expense and the operating expense low with an efficiency-driven model of integrating operations (in compliance with state and federal laws and regulations) and streamlining management, brand deployment and the Corporation's proprietary delivery models across all three (3) states. The Corporation's proposed business will be subject to a number of significant risks. Shareholders should carefully consider each of such risks and all of the information in this Circular regarding the proposed Change of Business. The success of the Corporation's new proposed business will depend on, among other things, the expertise, ability, judgment, discretion, integrity and good faith of its management. For a full description of the risk factors, see "Risk Factors" in Schedule "A" to this Circular.

The Change of Business is an arm's length transaction. None of the directors, officers or promoters of the Corporation, nor any of their respective associates and affiliates, have any interest in the Change of Business (other than as Shareholders) nor will they receive any consideration from the Corporation in connection therewith.

Shareholders should be aware that completion of the Change of Business is subject to a number of conditions, including Shareholder approval. The Change of Business cannot be completed until all required approvals are obtained and conditions are met, and there can be no assurance that the Change of Business will be completed as proposed, or at all.

REGULATORY OVERVIEW

Regulatory Overview

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Corporation is currently involved or proposes to be involved in the U.S. marijuana industry. The Corporation currently cultivates and distributes medical cannabis in the State of Florida and has announced plans to expand into the recreational and/or medicinal cannabis marketplace in the States of California and Michigan. In accordance with Staff Notice 51-352, the Corporation will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may impact the Corporation's license, business activities or operations will be promptly disclosed by the Corporation.

Regulation of Cannabis in the United States Federally

The United States federal government regulates drugs through the CSA, which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I controlled substance. The United States Department of Justice defines Schedule I drugs, substances or chemicals as "drugs with no currently accepted medical use and a high potential for abuse. The FDA has not approved marijuana as a safe and effective drug for any condition.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the Access to Cannabis for Medical Purposes Regulations, marijuana is largely regulated at the state level in the United States.

As of the date of this Circular, 33 U.S. states, Washington D.C. and the territories of Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands have legalized the cultivation and sale of full-strength cannabis for medical uses. In addition, as of the date of this Circular, Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, and Washington have legalized cannabis for both medical and recreational use of cannabis. Washington D.C has legalized recreational use of cannabis, but has not legalized commercial sales. Thirteen states have also enacted low-THC / high-cannabidiol ("**CBD**") only laws for medical cannabis patients. All considered, approximately 95% of Americans now live in states where some form of medical cannabis is legal.

State laws that permit and regulate the production, distribution, and use of cannabis for adult-use or medical purposes are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. Although the Corporation's activities are believed to be compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Corporation of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Corporation.

The prior U.S. administration attempted to address the inconsistencies between federal and state regulation of cannabis in a memorandum which then-Deputy Attorney General James Cole sent to all United States Attorneys in August 2013 (the "**Cole Memorandum**") outlining certain priorities for the United States Department of Justice (the "**DOJ**") relating to the prosecution of cannabis offenses. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis.

On January 4, 2018, former U.S. Attorney General Jeff Sessions formally issued a new memorandum (the "**Sessions Memorandum**"), which rescinded the Cole Memorandum. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress by following well-established principles when pursuing prosecutions related to cannabis activities. As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of State-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active U.S. federal prosecutors will be in relation to such activities. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("**SAR**") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with

federal money laundering laws. These cannabis-related SARs are divided into three categories – cannabis limited, cannabis priority, and cannabis terminated – based on the financial institution’s belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day that the FinCEN Memorandum was published, the DOJ issued a memorandum (the “**2014 Cole Memorandum**”) directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The 2014 Cole Memorandum has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, former Attorney General Sessions’ revocation of the Cole Memorandum and the 2014 Cole Memorandum has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum is a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress adopted a so-called “rider” provision to the fiscal years 2015, 2016, 2017, and 2018 Consolidated Appropriations Acts (currently referred to as the “**Rohrabacher/Blumenauer Amendment**”) to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The Rohrabacher/Blumenauer Amendment was included in the fiscal year 2018 budget passed on March 23, 2018. The Rohrabacher/Blumenauer Amendment was included in the consolidated appropriations bill signed into legislation by President Trump in February 2019 and will remain in effect until September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act “provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories,” and further stating “I will treat this provision consistent with the President’s constitutional responsibility to faithfully execute the laws of the United States.” While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of medical marijuana, the president did issue a similar signing statement in 2017 and no major federal enforcement actions followed. At such time, it may or may not be included in the omnibus appropriations package or a continuing budget resolution once the current continuing resolution expires.

The Cole Memorandum and the Rohrabacher/Blumenauer Amendment gave medical cannabis operators and investors in states with legal regimes greater certainty regarding federal enforcement as to establish cannabis businesses in those states. While the Sessions Memorandum has introduced some uncertainty regarding federal enforcement, the cannabis industry continues to experience growth in legal medical and adult-use markets across the U.S. On November 7, 2018, U.S. Attorney General Jeff Sessions resigned. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

Additionally, the 2018 Farm Bill passed out of both chambers of Congress and was signed into law by President Trump on December 20, 2018, and said bill includes the Hemp Farming Act. The Hemp Farming Act removes hemp and CBD products with less than 0.3% THC from Schedule 1 of the CSA. This will allow market participants such as the Corporation to cultivate, process and dispense hemp and CBD products (with less than 0.3% THC) throughout the United States without violating the CSA, and will also serve to open up banking and financial services for such hemp and CBD operators. Presently, the United States Food and Drug Administration has indicated that it will initiate public commentary workshops and rulemaking proceedings relative to the issuance of regulations to govern the nascent CBD marketplace and products, and such proceedings began on May 31, 2019. The FDA held a public hearing to determine the

safety, manufacturing, product quality, marketing, labeling and sale of CBD products, and opened the forum to public comments on the matter. On July 12, 2019, Principal Deputy Commissioner Dr. Amy Abernethy stated via social media site Twitter that the FDA is “expediting its work to address” questions surrounding CBD and plans “to report on **[its]** progress around end of summer/early fall.” As the FDA continues its rulemaking proceedings, the Corporation will be an active participant. Additionally, the STATES Act was filed in 2018 by Senator Cory Gardiner (R-CO) and Elizabeth Warren (D-MA), and the STATES Act if passed will remove medical or adult use marijuana related conduct from Schedule 1 of the CSA in states where such uses/activities have been made legal by state law, so long as such operations are compliant with state law. The SAFE Banking Act (which would provide a safe harbor to banks who wish to serve the cannabis marketplace) was passed out of the House Financial Services committee in March of 2019 with a strong bipartisan vote, and was heard by the Senate Banking and Insurance Committee in July, 2019.

The risk of federal enforcement and other risks associated with the Corporation’s business are described in *Risk Factors*.

Florida

Florida Regulatory Landscape

In 2014, the Florida state governor signed Senate Bill 1030, also known as the Compassionate Medical Cannabis Act of 2014 (“**CMCA**”). The CMCA legalized low THC for medical patients suffering from cancer or “a physical medical condition that chronically produces symptoms of seizures”, such as epilepsy, “or severe and persistent muscle spasms”. The CMCA requires physician approval and determination that no other satisfactory alternative treatment options exist for that patient. The CMCA also authorizes medical centers to conduct research on low THC cannabis.

In 2016, Amendment 2 was added to Florida’s state constitution. Amendment 2 protects qualifying patients, caregivers, physicians, and medical cannabis dispensaries and their staff from criminal prosecution or civil sanctions under Florida law. Amendment 2 also expanded the definition of debilitating diseases to include 12 conditions including HIV/AIDS, Crohn’s disease and post-traumatic stress disorder. Amendment 2 became effective on January 3, 2017. Amendment 2 provides a regulatory framework that requires licensed producers, which are statutorily defined as Medical Marijuana Treatment Centers (each, a “**MMTC**”), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

In 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017.

Florida Licenses and Regulations

The State of Florida Statutes 381.986(8)(a) provides a regulatory framework that require MMTCs, to cultivate, process and dispense medical cannabis in a vertically integrated marketplace.

The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients to treat certain medical conditions in the State of Florida which conditions are delineated in Florida Statutes section 386.981. The state does not allow smoking of cannabis for medical use and does not permit the dispensing of whole flowers unless the whole flower is contained within a tamper proof container to be used with a vaporizing device.

Licenses issued by the Department of Health may be renewed biennially so long as the licensee meets requirements of the law and pays a renewal fee. Applicants must demonstrate (and licensed MMTCs must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary

to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the Department, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the Department, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the Department, the applicant must post a performance bond of up to US\$5 million, which may be reduced by meeting certain criteria such as a minimum patient count.

The State of Florida Statutes provide that license holders can only own one license and MMTCs can operate up to a maximum of 25 dispensaries throughout the State of Florida; provided, that when the medical marijuana use registry reaches 100,000 active registered qualified patients, and then upon each further instance of the total active registered qualified patients increasing by 100,000, the statewide maximum number of dispensing facilities that each licensed medical marijuana treatment center may establish and operate increases by five. The medical marijuana use registry in Florida surpassed 100,000 patients in April 2018. As of October 5, 2018, there were 172,848 registered patients in Florida with 133,581 patients holding active medical marijuana cards.

Florida Reporting Requirements

The Florida Department of Health requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the Florida Department of Health to data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when marijuana seeds are planted, when marijuana plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Additionally, the Florida Department of Health also maintains a patient and physician registry and the company must comply with all requirements and regulations relative to providing required data or proof of key events to said system.

Michigan

Michigan Regulatory Landscape

In 2008, the Michigan Compassionate Care Initiative established a medical cannabis program for serious and terminally ill patients. This program, which was approved by the House but not acted upon, and defaulted to a public initiative on the November ballot. Proposal 1 was approved by 63% of voters on November 8, 2008. Proposal 1 was then written into law and approved by Michigan's lawmakers in December 2008. The resulting Act, became the Michigan Medical Marihuana Act ("**MMMA**").

In 2016, the Michigan legislature passed two new acts and also amended the original MMMA. The first act, amended effective January 1, 2019, established a licensing and regulation framework for medical marihuana growers, processors, secure transporters, provisioning centers, and safety compliance facilities. The second act establishes a "seed-to-sale" system to track marihuana that is grown, processed, transferred, stored, or disposed of under the Medical Marihuana Facilities Licensing Act.

The Bureau of Medical Marihuana Regulation is responsible for the oversight of medical cannabis in Michigan and consists of the Medical Marihuana Facility Licensing Division and the Michigan Medical Marihuana Program Division. The MMMA provides access to state residents to cannabis and cannabis related products under one of 11 debilitating conditions, including epilepsy, cancer, HIV/AIDS, cancer and post-traumatic stress disorder. In July 2018, the Medical Marihuana Facility Licensing Division approved 11 additional conditions to the list of ailments to qualify for medical cannabis. The additional 11 include chronic pain, colitis and spinal cord injury.

Michigan Reporting Requirements

The Michigan Department of Licensing and Regulatory Affairs and the Bureau of Medical Marijuana Regulation utilizes METRC for their Marijuana Enforcement Tracking Reporting and Compliance. METRC serves as a resource for Michigan's statewide monitoring system for integrated marijuana tracking, inventory, and verification under the Marijuana Tracking Act (2016 PA 282).

California

California Regulatory Landscape

In 1996, California became the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). In 2003, Senate Bill 420 (the "**Medical Marijuana Program Act**") was enacted to clarify the scope and application of CUA. In September 2015, the California legislature took the next step and established the framework for a statewide medical marijuana program when it passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" ("**MCRSA**"). MCRSA established a comprehensive licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for cultivation, manufacturing, distribution, transportation, sales and testing – including subcategories for the various activities, such as volatile and non-volatile license types for edible infused product manufacturers depending on the specific extraction methodology, and different licenses for cultivators depending on canopy size and setting. MCRSA set forth uniform operating standards and responsibilities for licensees. Under MCRSA, multiple agencies would oversee different aspects of the program alongside a newly established Bureau of Medical Marijuana Regulation within the Department of Consumer Affairs that would control and govern how cannabis businesses would operate. All commercial cannabis businesses would require a state license and local approval to operate.

Subsequently, in November 2016, voters in California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("**AUMA**") legalizing adult-use of cannabis by individuals 21 years of age or older. AUMA established a regulatory program for adult-use cannabis businesses and had some conflicting provisions with MCRSA. So, in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which amalgamates MCRSA and AUMA to provide a single system with uniform regulations to govern both medical and adult-use cannabis businesses in the State of California. The legislature has also enacted subsequent "fix it" bills, such as California Assembly Bill No. 133, further refining cannabis laws. The three main agencies that regulate marijuana businesses at the state level are Bureau of Cannabis Control ("**BCC**"), California Department of Food and Agriculture ("**CDFA**"), and California Department of Public Health ("**CDPH**"). Additionally, the California Department of Tax and Fee Administration oversees the collection of taxes from cannabis businesses. The BCC, CDFA, and CDPH have promulgated regulations to give effect to the general framework for the regulation of commercial medicinal and adult-use cannabis in California created by legislation.

In order to legally operate a medical or adult-use cannabis business in California, the operator must have both a local approval and state licensure for each type of commercial cannabis activity conducted at a specified business premises. Cities and counties in California have discretion to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban commercial cannabis activities within their jurisdiction. This limits cannabis businesses to cities and counties with marijuana licensing or approval programs. The implementation of MAUCRSA went into effect on January 1, 2018.

On May 18, 2018, the California Department of Consumer Affairs, the California Department of Public Health and the California Department of Food and Agriculture proposed to re-adopt their emergency cannabis regulations. The three licensing authorities proposed changes to the regulatory provisions to provide greater clarity to licensees and to address issues that have arisen since the emergency regulations went into effect in December 2017. Highlighted among the changes are that applicants may now complete one license application which will allow for both medical and adult-use cannabis activity. These emergency cannabis regulations were officially readopted on June 4, 2018 and came into effect on June 6, 2018. On

January 16, 2019, California's three state cannabis licensing authorities announced that the Office of Administrative Law officially approved state regulations for cannabis businesses. The final cannabis regulations took effect immediately and superseded the previous emergency regulations.

California Licenses and Regulations

California state and most local licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by BCC. While renewals are annual, there is no ultimate expiry, after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license.

California Reporting Requirements

California has selected METRC as the track and trace ("**T&T**") system used to track commercial cannabis activity. Licensees are required to maintain records for at least seven years from the date a record is created. These records include: (a) a cultivation plan, (b) all supporting documentation for data or information input into the T&T system, (c) all unique identifiers ("**UID**") assigned to product in inventory and all unassigned UIDs, (d) financial records related to the licensed commercial cannabis activity, including bank statements, tax records, sales invoices and receipts, and records of transport and transfer to other licensed facilities, (e) records related to employee training for the T&T system, and (f) permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.

Issuers with U.S. Marijuana-Related Activities – Reporting Obligations

On February 8, 2018, the Canadian Securities Administrators issued Staff Notice 51-352 (Revised) - *Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**") which provides specific disclosure expectations for issuers that have U.S. cannabis-related activities. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents, such as this Circular. In accordance with the Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Circular that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Circular Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the Company's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	<i>"General Development of the Business"</i> <i>"Description of the Business"</i>
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	<i>"Matters to be Acted Upon at Meeting"</i> <i>"Regulatory Overview"</i> <i>"Risk Factors" – The Corporation's business activities, while believed to be compliant with applicable state and local U.S. law, are illegal under U.S. federal law</i> <i>"Risk Factors" – The Corporation and the Subsidiaries are Subject to Applicable Anti-Money Laundering Laws and Regulations</i> <i>"Risk Factors" – Risk of Civil Asset Forfeiture</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Circular Cross Reference
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the Company conducts U.S. marijuana-related activities.	<p><i>"Regulatory Overview"</i></p> <p><i>"Risk Factors" – Banking Uncertainty</i></p> <p><i>"Risk Factors" – The Corporation and the Subsidiaries are Subject to Applicable Anti-Money Laundering Laws and Regulations</i></p>
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the Company's ability to operate in the U.S.	<p><i>"Risk Factors" – U.S. State Regulatory Uncertainty</i></p> <p><i>"Risks Factors" – State Licensing</i></p> <p><i>"Risks Factors" – Federal and State Forfeiture Laws</i></p> <p><i>"Risks Factors" – Banking Uncertainty</i></p> <p><i>"Risk Factors" – Regulatory scrutiny of the Corporation's interests in the United States</i></p> <p><i>"Risks Factors" – Regulatory Action and Approvals from the Food and Drug Administration"</i></p> <p><i>"Risk Factors" – Enforceability of Contracts</i></p> <p><i>"Risk Factors" – Service Providers</i></p> <p><i>"Risk Factors" – U.S. Tax Liabilities</i></p> <p><i>"Risk Factors" – Constraints on Marketing Products</i></p> <p><i>"Risk Factors" – Reliance on Third Parties</i></p> <p><i>"Risk Factors" – Reliance on Regulatory Approval</i></p>
	Given the illegality of marijuana under U.S. federal law, discuss the Company's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	<i>"Description of the Business"</i>
	Quantify the Company's balance sheet and operating statement exposure to U.S. marijuana- related activities.	<i>"Description of the Business"</i>
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	<i>"Description of the Business"</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Circular Cross Reference
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company operates and confirm how the Company complies with applicable licensing requirements and U.S. state.	<p><i>"Description of the Business"</i></p> <p><i>"Risk Factors" – Limitation on Ownership of Licenses</i></p> <p><i>"Risk Factors" – State Licensing</i></p>
	Discuss the Company's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the Company is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the Company's license, business activities or operations.	<p><i>"Description of the Business"</i></p> <p><i>"Risk Factors" – The Corporation's business activities, while believed to be compliant with applicable state and local U.S. law, are illegal under U.S. federal law</i></p> <p><i>"Risk Factors" – U.S. State Regulatory Uncertainty</i></p> <p><i>"Risk Factors" – State Licensing</i></p>

GENERAL DEVELOPMENT OF THE BUSINESS

Events Prior to the RTO Transaction

The Corporation was previously a junior mining exploration company engaged in the acquisition, exploration and development of mineral resource properties in Canada. The Corporation divested itself of its mineral properties and focused on identifying and evaluating businesses and assets with a view to completing a transaction to enhance Shareholder value.

The RTO Transaction

On August 1, 2017, the Corporation completed a business combination with privately-held Scythian Biosciences Inc., a medical cannabinoid-based research and development company ("**PrivateCo**"), resulting in the reverse takeover of the Corporation by PrivateCo (the "**RTO Transaction**"). The RTO Transaction involved, among other things, the amalgamation of the Corporation's wholly-owned subsidiary, 10188760 Canada Inc. and PrivateCo, the exchange of all of the issued and outstanding securities of PrivateCo for securities of the Corporation, the reconstitution of the Corporation's management and Board of Directors and a change of name of the Corporation. The RTO Transaction constituted a change of business and a reverse takeover transaction of the Corporation pursuant to TSXV Policy 5.2 – Changes of Business and Reverse Takeovers.

The Corporation changed its financial year-end from December 31 to March 31 as part of the RTO Transaction to inherit the financial year end of PrivateCo in accordance with applicable accounting rules.

As a result of the RTO Transaction, the Corporation met the listing requirements for a "Tier 2" life sciences issuer on the TSXV. On August 4, 2017, the Corporation received final approval from the TSXV, and the Corporation's Common Shares resumed trading on the TSXV on August 8, 2017 under the new ticker symbol "SCYB".

Events Following the RTO Transaction

Since the RTO Transaction, the Corporation has continued to pursue its business objective of engaging in research and development of cannabis-related pharmaceutical products, with a focus on the Corporation's

Combination Therapy and finding a solution for the prevention and treatment of concussions and other traumatic brain injuries through its proprietary Cannabinoid combination.

On August 14, 2017, the Corporation's Common Shares started trading on the Frankfurt Stock Exchange under the symbol SCCYF.

On September 5, 2017, the Corporation appointed Mr. Maghsoud Dariani as Chief Scientific Officer to the Corporation. Mr. Dariani was previously on the Corporation's advisory board and has over 35 years of experience in the development and commercialization of products in the pharmaceutical industry. Mr. Dariani's experience includes, among other things, management positions at Semorex, Focus Pharmaceuticals, Inc., Celgene Corporation and Chiral Pharmaceuticals.

On September 27, 2017, the Corporation formed its Professional Athlete Advisory Committee, the purpose of which is to bring together various current and former professional athletes who have experienced or share concern for the pain and suffering associated with concussions that occur during sports competitions. Mr. Bart Oates, a former star NFL player with the New York Giants and San Francisco 49ers, was selected to lead the Professional Athlete Advisory Committee and is tasked with recruiting new members from various professional sports. On December 11, 2017, Mr. Ottis Jerome "O.J." Anderson was appointed to the Professional Athlete Advisory Committee. Mr. Anderson was the NFL Offensive Rookie of the Year in 1979 and the MVP of Super Bowl XXV in 1991.

On November 29, 2017, the Corporation completed the sale of its subsidiary, Go Green B.C. Medicinal Cannabis Ltd. to 1065703 B.C. Ltd. Go Green, which had been a wholly owned subsidiary of PrivateCo prior to the RTO Transaction, was in the process of acquiring a license to sell and cultivate medical cannabis under the Marihuana for Medical Purposes Regulations. Under the terms of the sale, 1065703 B.C. Ltd. paid an aggregate cash consideration of \$200,000, consisting of an upfront payment of \$100,000 and future payments totaling \$100,000. In addition to the cash consideration, 108,000 Common Shares held by 1065703 B.C. Ltd. were returned to the Corporation for cancellation.

On January 10, 2018, the Common Shares, which were initially listed on the OTC Pink Marketplace were upgraded to the OTCQB Marketplace. The Common Shares began trading on the OTCQB Marketplace under the ticker "SCCYF".

On January 15, 2018, the Corporation announced that Mr. Vic Neufeld, the Chief Executive Officer and a director of Aphria, and Mr. George Scorsis, the Chief Executive Officer and a director of Liberty Health Sciences Inc., had joined the Corporation's Board of Directors effective the same date. In connection with the appointments of Mr. Neufeld and Mr. Scorsis, Mr. Michael Petter and Mr. Peter Benz resigned as directors of the Corporation effective January 15, 2018.

On February 13, 2018, the Corporation closed its previously announced "bought deal" short form prospectus offering of a total of 3,091,772 units of the Corporation ("**Units**") at a price of \$4.65 per Unit (the "**Offering Price**") for gross proceeds of \$14,376,740 (the "**Prospectus Offering**"). The Prospectus Offering was completed by a syndicate of underwriters led by Clarus Securities Inc., as lead underwriter and sole bookrunner, and including Haywood Securities Inc. and INFOR Financial Inc. (the "**Underwriters**"). Each Unit was comprised of one Common Share and one Common Share purchase warrant. Each such warrant entitles the holder thereof to purchase one Common Share at a price of \$5.50 for a period of 24 months following the issuance date. In connection with the Prospectus Offering, on February 13, 2018, the Corporation also issued and sold on a concurrent, "bought deal" brokered private placement basis, 3,091,772 Units for re-sale to Aphria on the same terms and conditions as the Prospectus Offering for gross proceeds of \$14,376,740 (the "**Concurrent Private Placement**", together with the Prospectus Offering, the "**February 2018 Offerings**"). The Concurrent Private Placement was also led by Clarus Securities Inc., as lead underwriter and sole bookrunner on behalf of the Underwriters. The aggregate gross proceeds of the February 2018 Offerings was \$28,753,480. As consideration for their services, the Underwriters received a cash commission equal to 7% of the gross proceeds of the February 2018 Offerings and compensation options equal to 7% of the Units sold pursuant to the February 2018 Offerings. Each compensation option is exercisable into one unit at the Offering Price until February 13, 2020.

On February 14, 2018, the Corporation received the NASDAQ International Designation for the trading of the Common Shares on the OTCQB Marketplace.

On February 15, 2018, Professor Michael Barnes joined the Corporation as Chief Medical Officer. Professor Barnes is considered to be a leading world authority in neurological rehabilitation and has emerged as an influential voice in medical cannabis policy in Europe.

On March 7, 2018, the Corporation held a special Shareholder meeting where Shareholders approved the Stock Split, the appointments of Victor Neufeld, George Scorsis, Robert Reid and Renah Persofsky to the Board of Directors and certain amendments to the Corporation's DSU Plan. Concurrent with the election of the new directors, Mr. Roger Rai and Mr. Gary Leong resigned as members of the Corporation's Board of Directors.

On March 12, 2018, the Corporation announced the entering into of a non-binding letter of intent with MMJ International Investments Inc. ("**MMJ Argentina**") to acquire MMJ Argentina, a company pursuing medical cannabis opportunities in South America. MMJ Argentina is the owner of ABP S.A. ("**ABP**"), an established Argentine company in the business of importing, selling and distributing pharmaceutical and medical products and derivatives in the Argentine Republic. In consideration, the Corporation would issue an aggregate of 6,176,320 Common Shares to the shareholders of MMJ Argentina.

On March 12, 2018, the Corporation announced the appointment of Victor Neufeld as the Corporation's new Chairman of the Board of Directors, replacing Mr. Jonathan Gilbert. Mr. George Scorsis was also appointed Lead Director of the Corporation.

On March 22, 2018, the Corporation announced the entering into of a binding letter of intent to acquire Marigold Acquisitions Inc. ("**Marigold**"). The acquisition would result in the Corporation becoming a major stakeholder of Marigold Projects Jamaica Limited ("**Marigold Jamaica**"), a Jamaican medical cannabis company. In consideration, the Corporation would issue an aggregate of 6,000,000 Common Shares, on a *pro rata* basis, to the selling shareholders of Marigold.

On March 29, 2018, the Corporation announced the departure of Mr. David Schrader as the Corporation's Chief Operating Officer.

On April 9, 2018, the Corporation announced that it had entered into a binding letter of intent to acquire MMJ Colombia Partners Inc. ("**MMJ Colombia**"). MMJ Colombia is an Ontario company that was in the process of purchasing 90% of the voting securities of Colcanna SAS ("**Colcanna**"), a Colombian medical cannabis company. In consideration, the Corporation would: (1) advance US\$6,200,000 in cash prior to the closing date; (2) issue on the closing date \$24,300,000 of Common Shares at an issue price equal to the volume weighted average price of the Common Shares over the 20 trading days prior to the closing date of the acquisition, provided that no less than 4,768,875 Common Shares would be issued as share consideration; and (3) assume on the closing date an aggregate of US\$5,000,000 in non-interest bearing, unsecured promissory notes. The promissory notes could be repaid by way of cash or Common Shares at the option of the Corporation.

On April 12, 2018, the Corporation completed the Stock Split.

On April 17, 2018, the Corporation announced the appointments of Gabriel Meneses and Roberto Pérez Ruiz to the Corporation's executive and senior leadership teams and the engagement of Houston, Texas-based Winning Media LLC for investor relations activities. Mr. Meneses was appointed Vice President of Latin America and Caribbean and would oversee the development of new market opportunities in Latin America while leading other initiatives to further stimulate the Corporation's growth in international markets. Mr. Ruiz was appointed Senior Director of Business Development and would support and contribute to the strategy and execution in the development of new market opportunities and specific objectives in Latin America.

On April 25, 2018, Mr. Robert Reid was appointed Chief Executive Officer and Mr. George Scorsis as Chairman of the Board of Directors. Mr. Roger Rai was also reinstated to the Board of Directors. In connection with these appointments, Mr. Victor Neufeld and Ms. Renah Persofsky each resigned from the Board of Directors. Additionally, Mr. Jonathan Gilbert stepped down as Chief Executive Officer of the Corporation and took on a new role managing the partnership with the University.

On May 7, 2018, the Corporation announced the entering into of a letter agreement with Isodiol International Inc. ("**Isodiol**"), a developer and manufacturer of CBD products, to export and distribute Isodiol products to certain countries in the Caribbean, Central America and South America, including Argentina, Jamaica and Colombia. The Corporation also committed to invest \$2,000,000 into Isodiol in exchange for 2,739,726 units of Isodiol, with each unit consisting of one common share of Isodiol and one whole common share purchase warrant. Each common share purchase warrant is exercisable for a period of three years from the issue date at a price of \$1.00 per common share.

On May 11, 2018, the Corporation announced the entering into of a definitive business combination agreement with MMJ Argentina, whereby the Corporation would acquire all of the issued and outstanding common shares of MMJ Argentina by way of a three-cornered amalgamation between the Corporation, a wholly owned subsidiary of the Corporation and MMJ Argentina. The agreement superseded the non-binding letter of intent between the Corporation and MMJ Argentina previously announced on March 12, 2018.

On July 17, 2018, the Corporation announced the entering into of a definitive share purchase agreement with Aphria whereby it agreed to sell and Aphria agreed to purchase, MMJ Argentina, Marigold and MMJ Colombia, together with each of their business interests and assets in Argentina, Jamaica and Colombia, respectively, for a purchase price of \$193 million plus the assumption of US\$1 million in aggregate liabilities owing to the Corporation (the "**Latin America Transaction**"). To satisfy the \$193 million component of the consideration, Aphria agreed to issue to the Corporation 15,678,310 common shares in the capital of Aphria at a deemed price of \$12.31 per share, representing the volume weighted average trading price of the Aphria shares on the TSX for 20 trading days immediately prior to the date of the share purchase agreement. The transaction was subject to the completion of the Corporation's previously-announced acquisitions of MMJ Argentina, Marigold and MMJ Colombia upon which each such company would be transferred to a wholly-owned subsidiary of the Corporation, LATAM Holdings Inc., whose common shares would then be sold to Aphria upon closing of the Latin America Transaction. The Latin America Transaction constituted a related party transaction under applicable Canadian securities laws subject to minority Shareholder approval and formal valuation requirements.

On July 23, 2018, the Corporation announced a binding letter of intent to acquire 15% of the issued and outstanding common shares of Brazil Investments Inc., a British Columbia company in the process of acquiring 100% of the voting securities of Green Farma Brasil.

On July 27, 2018, Mr. George Scorsis resigned from the Board of Directors.

On July 30, 2018, the Corporation announced a letter of intent to acquire CannCure Investments Inc. ("**CannCure**"), an Ontario company in the process of acquiring: (i) an interest in an undisclosed healthcare business; and (ii) 3 Boys Farms, LLC ("**3 Boys Farms**"), an established Florida agricultural company with licenses to cultivate, process and dispense medical cannabis in the State of Florida and to operate medical cannabis treatment centers in Florida. Concurrent with the proposed acquisition of CannCure, Mr. Brady Cobb was appointed to the Board.

The Corporation further announced on July 30, 2018 that it had received conditional approval to list its Common Shares for trading on the CSE and that it would voluntarily de-list from the TSXV. The trading of the Common Shares on the TSXV would remain halted until the listing on the CSE was completed. In addition, the Corporation would voluntarily withdraw its application to list the Common Shares on the NASDAQ and apply to the U.S. Securities Exchange Commission de-register the Common Shares under applicable US securities laws. The Common Shares would continue to trade on the OTCQB Marketplace under the symbol "SCCYF" with its NASDAQ International Designation.

On August 1, 2018, Mr. Jonathan Gilbert resigned from the Board of Directors.

On August 8, 2018, the Corporation announced that MMJ Colombia had completed its acquisition of 90% of the voting securities of Colcanna and that Colcanna had obtained its Colombian license to cultivate and import THC. In addition, the Corporation and MMJ Colombia had amended the terms of their binding letter of intent.

On August 15, 2018, the Corporation commenced trading on the CSE under the symbol “SCYB”.

On August 27, 2018, the Corporation completed its acquisition of all the issued and outstanding common shares of MMJ Colombia, and thereby acquiring 90% of Colcanna.

On September 4, 2018, the Corporation announced the appointment of Andrew DeFrancesco to the Board of Directors.

On September 13, 2018, the Corporation completed the acquisition of Marigold and thereby indirectly acquiring a 49% stake in Marigold Jamaica.

On September 14, 2018, the Corporation announced the entering into of a definitive share purchase agreement with MMJ Argentina, which superseded the previously-announced business combination agreement between the Corporation and MMJ Argentina to effect the acquisition. The consideration of 6,176,320 Common Shares to be issued to the selling shareholders of MMJ Argentina would remain the same.

On September 21, 2018, the Corporation completed its acquisition of MMJ Argentina, thereby indirectly acquiring 100% of ABP. Additionally, Andrew DeFrancesco was appointed as Chairman of the Board.

On September 27, 2018, the Corporation announced the completion of the Latin America Transaction.

On September 27, 2018, the Corporation announced the resignation of Jonathan Held as Chief Financial Officer, and the appointment of Peter Liabotis as Chief Financial Officer.

On October 1, 2018, the Corporation announced a normal course issuer bid, under which the Corporation would re-purchase up to 2,451,861 of the Common Shares for cancellation, representing 5% of the then issued and outstanding Common Shares.

On October 3, 2018, the Corporation announced the appointment of Brady Cobb as Chief Executive Officer, and the appointment of Andrew DeFrancesco as Chief Investment Officer, effective November 1, 2018.

On October 11, 2018, the Corporation announced approval from the Florida Department of Health, Office of Medical Marijuana Use (“**DOH**”) for the transfer of 60% of the equity of 3 Boys Farms LLC to CannCure including the 3 Boys Farms’ license to operate as a Medical Marijuana Treatment Centre in Florida. DOH approval is one of the closing conditions for the Corporation’s proposed acquisition of CannCure.

On October 23, 2018, the Corporation announced a \$114,842,644 (US\$88,000,000) investment in Class B units in Verano Holdings, LLC (“**Verano**”), a private, Delaware organized, vertically integrated, licensed operator of cannabis cultivation, manufacturing and retail facilities across six key U.S. states and Puerto Rico. On March 11, 2019, Harvest Health & Recreation Inc. (“**Harvest**”) announced its intention to acquire Verano in an all share transaction for a purchase price approximating US\$850,000,000 which was based on a Harvest share price of CAD\$8.79 per share. The closing of the Harvest transaction remains subject to certain conditions and approvals customary for a transaction of this nature. The Harvest shares to be received upon closing, may be subject to certain escrow release provisions.

On October 25, 2018, the Corporation changed its name from “**Scythian Biosciences Corp.**” to “**SOL Global Investments Corp.**”

On March 8, 2019, the Corporation received approval from the Florida Department of Health for the sale and transfer of the 3 Boys Farm license from CannCure Investments Inc. to the Corporation.

On April 5, 2019, the Corporation announced plans to spin-off its wholly-owned subsidiary, Scythian Biosciences Inc., into a new independent public company which would be renamed "Impact Biosciences Corp." ("**Impact**"). In connection with the proposed spin-off, Mr. Jonathan Gilbert was appointed President of Impact.

On April 8, 2019, the Corporation announced the completion of the CannCure Acquisition, whereby the Corporation purchased all issued and outstanding shares in the capital of CannCure. CannCure indirectly owns all of the membership interests of 3 Boys Farms, a Florida limited liability company with a Florida state license to cultivate, process and dispense medical marijuana as a licensed medical marijuana treatment center in the State of Florida.

On April 24, 2019, the Corporation announced the entered into of a binding letter of intent with private equity firm Merida Capital Partners ("**Merida**") dated April 23rd, 2019 to acquire all the issued and outstanding limited liability company interests of MCP Wellness for an aggregate purchase price of US\$150 million. MCP Wellness is a Merida's Michigan-based subsidiary and is a special-purpose vehicle created to invest in Michigan cannabis operations. MCP Wellness currently holds the rights to acquire two Michigan cultivation licenses, a processing license and three licensed cannabis provisioning centers in Michigan with a fourth provisioning center scheduled to open in Ann Arbor in May.

On May 16, 2019 the Corporation announced the entering into of binding letters of intent with each of ECD, Inc., operating as Northern Emeralds, and Three Habitat Consulting Holdco Inc. Pursuant to the terms of the LOI with Northern Emeralds, the Corporation proposes to acquire either all the assets or all the issued and outstanding shares of Northern Emeralds for an aggregate purchase price of US\$120 million, less certain adjustments. Pursuant to the LOI with Three Habitat, the Corporation will acquire six licensed dispensary companies in California for an aggregate purchase price of US\$17 million subject to adjustment based on the achievement of certain post-closing milestones (the "**One Plant Acquisition**"). Upon completion of the One Plant Acquisition, the California dispensary companies will operate under the "One Plant" brand. The Corporation intends to open One Plant-branded dispensaries throughout California, Florida and Michigan.

On May 30, 2019, the Corporation announced that Goldstream Minerals Inc. and CannCure, entered into a letter of intent dated as of May 29, 2019. The LOI outlines the proposed terms and conditions pursuant to which Goldstream and CannCure will effect a business combination that would result in a reverse takeover of Goldstream by the shareholders of CannCure. Pursuant to the proposed transaction, the entity resulting from the proposed transaction would continue to carry on the business of CannCure as a multi-state vertically integrated cannabis operator.

On July 8, 2019, the Corporation announced that it had completed a \$50,000,000 private placement financing by way of the issue and sale of a senior secured non-convertible debenture (the "**Debenture**") to an arm's length institutional investor. The Debenture bears an interest rate of 6.0% per annum and will mature two years from the date of closing, unless such maturity date is otherwise shortened due to the occurrence of certain independent milestones as set out within the terms and conditions of the Debenture. The Debenture may be repaid by the Corporation in cash or in-kind with securities held within the Corporation's investment portfolio. A senior officer and director of the Corporation and certain other shareholders provided personal guarantees for the Debenture.

On July 8, 2019, the Corporation announced that it had discontinued its previously announced plans to spin off Impact into a new independent public company and that Mr. Jonathan Gilbert had resigned as President of Impact.

On July 12, 2019, The Corporation announced the purchase of 37,662,500 Common Shares of Heavenly Rx Ltd. at a price of \$0.40 per share for an aggregate subscription amount of CAD\$15,065,000.

On July 12, 2019, the Corporation appointed Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, as its new auditor effective July 10, 2019.

On July 29, 2019, the Corporation announced the termination of the proposed business combination between Goldstream and CannCure and that the Corporation would acquire all of the issued and outstanding Common Shares of CannCure not currently held by it.

On September 4, 2019, the Corporation announced plans to spin off the Corporation's assets that would be non-core as a result of the Change of Business into a new independent investment company following a strategic review and independent valuation of the Corporation's assets. Mr. DeFrancesco will step down as Chief Investment Officer as Chairman of the Board to take a leadership position with the new investment company.

If the Change of Business is approved by Shareholders, the Corporation will focus on transitioning to a multi-state cannabis operator including the completion of the proposed acquisitions of MCP Wellness, Northern Emeralds and the six dispensaries from Three Habitat. All or substantially all of the Corporation's non-core assets are expected to be spun off into a new independent investment company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial position and results of operations of the Corporation for the interim condensed three-month periods ended June 30, 2019 and 2018, and the financial years ended March 31, 2019 and 2018 are attached as Appendix "III" to Schedule "A" hereto. Such management's discussion and analysis of the financial position and results of operations should be read in conjunction with the Corporation's interim condensed financial statements for three-month period ended June 30, 2019 and 2018 and the audited financial statements for the years ended March 31, 2019 and 2018, which are attached hereto as Appendix "II".

PRIOR SALES

The chart below represents the prices at which the Common Shares to be listed have been sold or are to be sold within 12-month period before the date of this Circular and the number of Common Shares sold or to be sold.

Date	Number of Common shares Issued or to be Issued	Issuance / Exercise Price per Security
September 13, 2018	6,000,000 ⁽⁴⁾	\$3.00
September 21, 2018	6,176,320 ⁽⁵⁾	\$4.35
September 27, 2018	176,000 ⁽¹⁾	\$2.00
September 27, 2018	12,000 ⁽²⁾	\$2.00
October 15, 2018	235,000 ⁽²⁾	\$2.02
October 15, 2018	10,000 ⁽³⁾	N/A
October 15, 2018	6,667 ⁽³⁾	N/A
October 15, 2018	110,000 ⁽³⁾	N/A
October 15, 2018	46,496 ⁽¹⁾	\$2.00
October 25, 2018	16,000 ⁽²⁾	\$2.00
April 8, 2019	7,317,500 ⁽⁶⁾	\$3.37

Notes:

(1) Issued pursuant to the exercise of warrants.

- (2) Issued pursuant to the exercise of stock options.
- (3) Issued in connection with the conversion of DSUs.
- (4) Issued in connection with the acquisition of Marigold.
- (5) Issued in connection with the acquisition of MMJ Argentina.
- (6) Further to the terms of the CannCure Acquisition, in the event that the Corporation announces a binding agreement to re-sell 3 Boys Farms within 24 months of the closing date, then the Corporation will also pay an earn-out structured as follows: (i) the Corporation and the sellers of CannCure will each receive funds from the sale proceeds as reimbursement of the amounts each had invested into 3 Boys Farms; and ii) any remaining amount from such sale proceeds would be split, with 42% going to the Corporation and 58% going to the sellers of CannCure. If the Corporation fails to announce a binding agreement to sell 3 Boys Farms within 2 years of the closing date, then the Corporation will pay the sellers of CannCure a payment of US\$80,000,000.
- (7) In connection with the proposed acquisitions of MCP Wellness, Northern Emeralds and the six dispensaries from Three Habitat, the Corporation expects to issue additional Common Shares as consideration for each purchase price. The total number of Common Shares and the price per share for each proposed transaction remains subject to the negotiation and finalization of a definitive purchase agreement.

TRADING PRICE AND VOLUME

The Common Shares are currently listed and trade on the CSE under the trading symbol "SOL". The following table sets out the price ranges and volume traded on the CSE for the 12 months before the date hereof:

Period	High Trading Price (\$)	Low Trading Price (\$)	Volume (#)
2019			
September 1 – 13, 2019	1.35	1.08	996,491
August 2019	2.11	1.18	2,709,457
July 2019	2.25	1.60	1,972,609
June 2019	2.70	1.85	2,455,841
May 2019	2.70	2.10	3,546,047
April 2019	3.77	2.60	4,914,500
March 2019	4.13	2.82	16,293,681
February 2019	3.60	3.02	7,204,276
January 2019	3.25	2.20	64,721
2018			
December 2018	2.30	1.02	4,233,700
November 2018	3.24	2.05	2,545,200
October 2018	4.98	2.61	13,915,884
September 2018	4.67	2.65	8,617,094

DESCRIPTION OF THE COMMON SHARES

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the Shareholders of the Corporation and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the Shareholders of the Corporation. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Corporation, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Corporation, the remaining property and assets of the Corporation.

The Corporation expects that there will be no change in the existing share structure of the Corporation as a result of the Change of Business, and that no Common Shares or other securities of the Corporation will be issued in connection with the Change of Business.

OPTIONS TO PURCHASE SECURITIES

The following table discloses all outstanding securities to purchase or otherwise acquire Common Shares of the Corporation that are held by the following groups of individuals as of March 31, 2019.

Designation of Security	Executive Officers and Past Executive Officers of the Corporation	Directors and Past Directors of the Corporation ⁽¹⁾	Employees and Past Employees of the Corporation	Consultants of the Corporation	Any other Person or Company including Finders and Underwriters
Stock Options	1,315,000	200,000	87,400	345,000	Nil
DSUs	874,411	66,500	30,000	Nil	Nil
Warrants	Nil	Nil	Nil	Nil	7,224,016
Compensation Options ⁽²⁾	Nil	Nil	Nil	Nil	432,848

Notes:

- (1) Excludes directors that are currently or formerly executive officers.
- (2) Each compensation option is exercisable to purchase one unit of the Corporation at a price of \$4.65 until February 13, 2020. Each such unit consists of one Common Share and one common share purchase warrant. Each such warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$5.50 until February 13, 2020.

DIVIDENDS OR DISTRIBUTIONS

Subject to the OBCA, the directors may in their discretion, from time to time, declare and pay dividends wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Corporation, or a combination of these.

The Corporation paid no dividends during its three previously completed financial years. The Corporation intends to retain any earnings to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

ESCROWED SECURITIES

The following table describes the number of securities of each class of the Corporation held, to the knowledge of the Corporation, in escrow and the percentage that number represents of the outstanding securities of that class as at the date hereof.

Designation of Class	Type of Restriction	Number of securities held in escrow or that are subject to a contractual restriction on transfer escrow	Percentage Class
Common Shares	Value Escrow Agreement and Surplus Escrow Agreement	4,339,000 ⁽¹⁾	9% ⁽²⁾
Stock Options	Surplus Escrow Agreement	Nil	-

DSUs	Surplus Escrow Agreement	35,000 ⁽³⁾	4% ⁽⁴⁾
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Notes:

- (1) Held in escrow pursuant to a Value Escrow Agreement and a Surplus Escrow Agreement (as defined below).
- (2) Based on 47,009,520 Common Shares issued and outstanding.
- (3) Held in escrow pursuant to a Surplus Escrow Agreement (as defined below).
- (4) Based on 970,911 issued DSUs.

In connection with the RTO Transaction, certain Shareholders entered into a Form 5D – Value Escrow Agreement (the “**Value Escrow Agreement**”) and a Form 5D – Surplus Security Escrow Agreement (the “**Surplus Escrow Agreement**”) with the Corporation and TSX Trust Company, as escrow agent, dated August 3, 2017 in accordance with the conditional approval of the RTO Transaction by the TSXV. Pursuant to the Value Escrow Agreement, a total of 7,900,000 Common Shares were deposited into escrow with TSX Trust Company (the “**Value Escrow Securities**”). Pursuant to the Surplus Security Escrow Agreement, a total of 600,000 Common Shares, 445,000 DSUs and 250,000 stock options, for an aggregate total of 323,750 securities, were deposited into escrow with TSX Trust Company (the “**Surplus Escrow Securities**”).

Under the terms of the Value Escrow Agreement, 10% of the Value Escrow Securities were released from escrow on August 4, 2017 – the date of the final TSXV bulletin (the “**Bulletin**”) approving the RTO Transaction - with subsequent 15% releases occurring 6, 12, 18, 24, 30 and 36 months from the date of the Bulletin. Under the terms of the Surplus Escrow Agreement, 5% of the Surplus Escrow Securities were released from escrow on September 6, 2017, with an additional 5% that was released on the date 6 months following the date of the Bulletin, an additional 10% to be released on the dates 12 and 18 months following the date of the Bulletin, an additional 15% to be released on the dates 24 and 30 months following the date of the Bulletin, and an additional 40% to be released on the date 36 months following the date of the Bulletin.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the names of all directors and officers of the Corporation, their municipalities, provinces and countries of residence, their current positions with the Corporation, their principal occupations during the past five years, and the number and percentage of common shares owned, directly or indirectly, or over which control or direction is exercised, of voting securities of the Corporation, as of the date hereof:

Name, Position and Municipality of Residence	Principal Occupation for Previous Five Years	Date Appointed as Director	Number and Percentage of Securities Beneficially Owned, Controlled or Directed, Directly or Indirectly ⁽¹⁾
Brady Cobb Chief Executive Officer Director Fort Lauderdale, Florida, United States of America	Chief Legal Officer, Liberty Health Sciences Inc., and Attorney and principal with Cobb Eddy, PLLC	July 30, 2018	279,414 Common Shares (0.5%), 370,000 Deferred Share Units, 100,000 Stock Options.

Name, Position and Municipality of Residence	Principal Occupation for Previous Five Years	Date Appointed as Director	Number and Percentage of Securities Beneficially Owned, Controlled or Directed, Directly or Indirectly⁽¹⁾
Peter Liabotis Chief Financial Officer Oakville, Ontario, Canada	Chief Financial Officer of Gravitass Financial Inc., Independent Financial Consultant, Chief Financial Officer of Red Pine Exploration Inc., Chief Financial Officer of Energizer Resources Inc., Chief Financial Officer of MacDonald Mines Exploration Ltd., and Director and Chief Financial Officer of Honey Badger Exploration Inc.	N/A	255,000 Stock Options, 211,765 Deferred Share Units
Andrew DeFrancesco Chief Investment Officer Director Nassau, Bahamas	Chief Investment Officer at the Delavaco Group, Chairman of Cool Holdings Inc., Executive Director of Kahala Corp., former Chairman and Chief Executive Officer of Firm Capital American Realty Partners Corp. (formally Delavaco Properties), Chairman and Chief Executive Officer of Dalradian Resources Inc., Chairman of Delavaco Energy Inc.	September 4, 2018	600,000 Deferred Share Units
Robert Reid Director London, United Kingdom	Partner with European Cannabis Holdings, former Chief Executive Officer of the Corporation, Co-founder of Prohibition Partners, co-founder of Cannabis Europe, and Managing Director of Advertising M&A	March 7, 2018	680,000 Stock Options 152,646 Deferred Share Units
Roger Rai Director Toronto, Ontario, Canada	President, R3 Concepts Inc.	April 25, 2018	180,000 Common Shares (0.3%), 100,000 Stock Options, 50,000 Deferred Share Units
Maghsoud Dariani Chief Scientific Officer Fanwood, New Jersey, United States of America	President and CEO of Semorex Inc.	N/A	100,000 Stock Options
Michael Barnes Chief Medical Officer London, United Kingdom	Clinical Director, Christchurch Group	N/A	Nil

Notes:

(1) Source: www.sedi.ca

The Articles of the Corporation provide that the number of directors should not be less than one director. Each director holds office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Corporation's

Board of Directors currently consists of four directors, one of whom can be defined as “unrelated directors” or directors who are independent of management and are free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors’ ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from Shareholders, and do not have interests in or relationships with the Corporation.

As of the date of this Circular, the directors and executive officers of the Corporation beneficially own, directly or indirectly, as a group, 459,414 Common Shares of the Corporation representing approximately 0.8% of all outstanding voting securities of the Corporation.

Biographical Information

Brady Cobb – Age: 38 – Chief Executive Officer and Director

Brady Cobb is the CEO of SOL Global, one of the cannabis industry's leading publicly traded companies with over \$190 million in assets. Brady has emerged as an advocate for medical cannabis use and has been instrumental in the legal and regulatory development of the U.S. cannabis market, both at the state and federal level. Prior to leading SOL Global, Brady was a practicing attorney in South Florida with a focus on mergers and acquisitions, regulatory and governmental relations, and compliance/shareholder disclosure issues with the TSX, CSE and NASDAQ. He is routinely featured in national media including Bloomberg, ABC News, Fox Business, MarketWatch, Cheddar TV, Newsweek, Yahoo Finance, and Real Clear Markets. Additionally, Brady served as the Liberty Health Sciences (LHS:CSE) Chief Legal Officer from inception through July of 2018 when he accepted a position on the board of directors of SOL Global Investments.

Peter Liabotis – Age: 49 - Chief Financial Officer

Mr. Liabotis is a Canadian Chartered Professional Accountant and a veteran senior corporate finance executive. Prior to joining the Corporation, Mr. Liabotis was Chief Financial Officer of a publicly-traded Canadian merchant bank which invests in equity, debt and convertible debt in early and growth-stage public and private companies. Mr. Liabotis also previously served in senior finance executive roles with four junior mining Canadian and U.S. public companies. Prior to that, he was financial controller for a private wealth manager in Canada, and group Chief Financial Officer/Senior Vice President of a global offshore hedge-fund administrator based in Bermuda.

Mr. Liabotis started his career in public accounting working for both PricewaterhouseCoopers in Bermuda and KPMG in Canada. Mr. Liabotis holds a Bachelor of Commerce degree from the University of Windsor, Ontario, and a Bachelor of Arts degree from Western University in London, Ontario.

Andrew DeFrancesco - Age: 49 - Chief Investment Officer and Director

Mr. DeFrancesco has over 26 years of capital markets experience, from senior positions at some of Canada's most established independent investment firms in trading, sales and investment banking, to establishing first mover status as the founder and co-founder of a number of North American small and mid-capital companies in selected sectors. Mr. DeFrancesco started his career with Midland Walwyn Inc. prior to becoming Merrill Lynch Wealth Management, then moving to CM Oliver Inc., where he worked as head of trading and sales which was sold to Canaccord Capital. With a focus on private equity, Mr. DeFrancesco has been involved with a number of successful turnarounds including Jamba Juice in 2010 and the original American Apparel restructuring in 2011. Mr. DeFrancesco, via Delavaco is the former Partner and Executive Director of Kahala Corp; owner of Pinkberry, Cold Stone Creamery, Blimpies Subs, Taco Time, which was sold to MTY Food Group Inc. Mr. DeFrancesco has significant experience in the Energy, Hospitality, Retail, and CPG sectors having founded and served as Chairman for a number of companies including Delavaco Energy Inc. (Founder and Chairman), APO Energy Inc. and P1 Energy Corp., that was acquired by Parex Resources Inc. (Founder / CEO) and Dalradian Gold Limited (Founder / Chairman and CEO).

Rob Reid – Age: 42 – Director

Mr. Reid is a well-known investor and advisor who works across a number of global cannabis markets. He also founded ECH, a venture capital and incubator platform that has built a successful portfolio of medical cannabis companies operating across the emerging industry in Europe. Previous to cannabis, Rob served as Managing Director at Advertising M&A, an M&A consultancy for the digital / creative sectors and before that he ran one of Europe's leading digital marketing agencies.

Roger Rai – Age: 48 – Director

Mr. Rai is the Managing Director of E.S. Rogers Enterprises and President of R3 Concepts Inc. As Managing Director at E.S. Rogers, Mr. Rai advises Edward Rogers on business, revenue, partnership and talent development. Mr. Rai was previously the Vice-President of Business Development of Peeks Social Ltd., a TSXV listed Corporation operating Keeks.com, a social networking service focusing on video content. Mr. Rai has managed and directed both private and public companies, having been a director for Sustain Co. Inc. (SMS), Pintree Capital Ltd. (PNP) and The Mint Corporation. Mr. Rai has significant experience in the digital and telecommunications markets, having held various managerial positions. Mr. Rai is the founder and a director of the ONEXONE Foundation, a charitable organization focused on global child welfare. Born and raised in Toronto, Ontario, Mr. Rai received his Bachelor of Arts (BA) from the University of Western Ontario. Mr. Rai successfully completed a number of courses related to financial reporting at Ryerson University from 1992 to 1994. Mr. Rai held management positions with C.O.R.E Animation, and was a founder of Fastvibe. Mr. Rai previously served as a director of the Corporation from August 1, 2017 to March 7, 2018.

Maghsoud Dariani – Age: 66 – Chief Scientific Officer

Mr. Dariani has over 35 years of diverse and progressive management experience in the development and commercialization of products in the pharmaceutical industry. Mr. Dariani has a successful record of business management, strategic planning, acquisition and divestiture, project management, production management, R&D management, economic evaluations, competitor analyses, and development and administration of multi-million dollar budgets. Mr. Dariani is an entrepreneurial business leader with a sound grasp of successful business strategies, an excellent foundation in science and engineering, and a strong background in product development and commercialization. He is currently the CEO of Semorex Inc. – a privately-held company focused on the discovery and development of novel therapeutics for cancer. Mr. Dariani also leads Myos Rens' science and technology efforts and has overall responsibility for manufacturing, basic science, pre-clinical and clinical studies. Prior to joining Semorex Inc., Mr. Dariani was President of Focus Pharmaceuticals, Inc. where he managed the development and approval of drug products, achieving one FDA approval and bringing another to the clinical evaluation stage. Prior to joining Focus, Mr. Dariani was Vice President of the chiral pharmaceutical business unit at Celgene Corporation. During his twelve years at Celgene, Mr. Dariani developed and implemented Celgene's manufacturing strategy, managed and successfully sold Celgene's chiral intermediates business unit, and formulated a strategic plan for leveraging Celgene's expertise in chiral technologies towards the development of chirally pure drug products. Mr. Dariani was responsible for the successful development and FDA approval of chirally pure versions of Ritalin, currently marketed by Novartis under the Focalin and Focalin XR trade names. Prior to his time at Celgene, Mr. Dariani held progressively more responsible engineering and development positions at Celanese Corporation. Mr. Dariani holds a Bachelor of Science from The City College of New York and a Master of Science from University of Massachusetts in Chemical Engineering. Mr. Dariani is a member of Board of Directors at Semorex Inc. and Mesa Therapeutics.

Michael Barnes – Age: 66 – Chief Medical Officer

Professor Barnes is the co-author of a report entitled Cannabis: The Evidence for Medical Use (the "Barnes Report"), an expert independent opinion commissioned by the United Kingdom's All-Party Parliamentary Group on Drug Policy Reform. The Barnes Report concluded that, based on a literary review of more than 20,000 research papers concerning the use of drugs containing cannabinoids, cannabis-based medication helped with a wide range of conditions. The Barnes Report has influenced law makers in Ireland, Jersey

and Guernsey. Ireland is considering legalizing the use of cannabis for treating specific medical conditions, due, in part, to the conclusions of the Barnes Report. Professor Barnes has also been involved in the campaign to legalize medical cannabis in Ireland and presented the case to the Irish Parliament. Both Jersey and Guernsey are reviewing laws around cannabis. Professor Barnes' background is as a clinical neurologist and consultant in rehabilitation medicine. He is the Honorary Professor of Neurological Rehabilitation at the University of Newcastle, Founder and President of the World Federation of Neurological Rehabilitation and past President of the British Society of Rehabilitation Medicine and was elected to the membership of the European Academy of Rehabilitation Medicine. He has also served as the chief executive of several NHS organizations.

Penalties or Sanctions

To the knowledge of the Corporation no director nor officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within 10 years before the date of this Circular, has been, a director or officer of any other issuer that, while that person was acting in that capacity, has:

- (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Cease Trade Orders or Bankruptcies

Other than as set out below, to the knowledge of the Corporation, no director nor officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within 10 years before the date of this Circular, has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Corporation being the subject of a cease trade or similar order or an order that denied the relevant Corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (iv) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Peter Liabotis, the Corporation's Chief Financial Officer, was appointed to the Board of Millennial eSports Corporation ("**MEC**") on December 19, 2018. Twenty days later a cease trade order was issued by the

Ontario Securities Commission (“OSC”) due to MEC’s inability to file its August 31, 2018 annual financial statements on time. Upon filing MEC’s annual financial statements, the cease trade order was lifted on April 9, 2019. MEC submitted its reinstatement application as per the April 12, 2019 re-instatement bulletin issued by the TSXV and MEC resumed trading on the TSXV as of April 16, 2019.

Personal Bankruptcies

No director nor officer of the Corporation, nor a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding Corporation of any such persons, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

Some of the directors and officers of the Corporation may at some point be directors and officers of other issuers. The directors of the Corporation are bound by the provisions of the OBCA to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interests, which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Corporation’s knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Corporation, its promoters, directors and officers or other members of management of the Corporation or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and, therefore, it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies.

STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, the Corporation is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Corporation as at the date of this Circular whose total compensation was more than \$150,000 for the financial year of the Corporation ended March 31, 2019, other than for the Chief Executive Officer and Chief Financial Officer (collectively the “**Named Executive Officers**”) and for the directors of the Corporation.

Summary Compensation Table

The following table (presented in accordance with Form 51-102F6V—*Statement of Executive Compensation—Venture Issuers* under National Instrument 51-102—*Continuous Disclosure Obligations*) sets out all direct and indirect compensation for, or in connection with, services provided to the Corporation and its subsidiaries for the two most recently completed financial years of the Corporation ended March 31, 2019 and March 31, 2018, in respect of the Named Executive Officers as well as the directors of the Corporation.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Brady Cobb ⁽¹⁾ Chief Executive Officer; Director	2018 2019	Nil 164,339	Nil 314,175	Nil Nil	Nil Nil	Nil Nil	Nil 478,514
Peter Liabotis ⁽²⁾ Chief Financial Officer	2018 2019	Nil 106,250	Nil 120,000	Nil Nil	Nil Nil	Nil Nil	Nil 226,250
Andrew DeFrancesco ⁽³⁾ Chief Investment Officer; Chairman; Director	2018 2019	Nil 159,833	Nil 700,000	Nil Nil	Nil Nil	Nil Nil	Nil 859,833
Jonathan Gilbert ⁽⁴⁾ Former Chief Executive Officer; Former Director	2018 2019	176,519 21,630(1)	Nil Nil	Nil Nil	18,642 Nil	Nil 595,469	195,161 617,099
Jonathan Held ⁽⁵⁾ Former Chief Financial Officer	2018 2019	80,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	80,000 Nil
David Schrader ⁽⁶⁾ Former Chief Operating Officer	2018 2019	129,359 Nil	Nil Nil	Nil Nil	18,642 Nil	425,647 Nil	573,648 Nil
Arvin Ramos ⁽⁷⁾ Former Chief Financial Officer	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Rob Reid ⁽⁸⁾ Director; Former Chief Executive Officer	2018 2019	53,240 284,374	Nil Nil	Nil Nil	Nil Nil	Nil Nil	53,240 284,374
Roger Rai ⁽⁹⁾ Director	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil 129,166	Nil Nil	Nil 129,166
Gary Leong ⁽¹⁰⁾ Former Director	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil 77,913	Nil Nil	Nil 77,913
Michael Petter ⁽¹¹⁾ Former Director	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Peter Benz ⁽¹²⁾ Former Director	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Victor Neufeld ⁽¹³⁾ Former Director	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
George Scorsis ⁽¹⁴⁾ Former Director, Former Chairman	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	30,000 Nil	Nil Nil
Renah Persofsky ⁽¹⁵⁾ Former Director	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	300,000 Nil	300,000 Nil
James Fairbairn ⁽¹⁶⁾ Former Director	2018 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) Mr. Cobb was appointed as director on July 30, 2018 and continues to serve as a director of the Corporation. Mr. Cobb was appointed as Chief Executive Officer of the Corporation on October 23, 2018. Mr. Cobb was not compensated for serving as a director.
- (2) Mr. Liabotis was appointed as Chief Financial Officer on September 28, 2018.
- (3) Mr. DeFrancesco was appointed as Director on September 4, 2018 and as Chairman and Chief Investment Officer on November 1, 2018. Mr. DeFrancesco is not compensated for serving as a director.

- (4) Mr. Gilbert was appointed as director and Chief Executive Officer of the Corporation on August 1, 2017 following the RTO Transaction. Mr. Gilbert resigned as Chief Executive Officer on April 25, 2018 and resigned as a director on August 1, 2018. Includes April salary and severance payment.
- (5) Mr. Held was appointed as Chief Financial Officer on August 1, 2017 following the RTO Transaction. Mr. Held resigned as Chief Financial Officer on September 28, 2018.
- (6) Mr. Schrader was appointed as Chief Operating Officer of the Corporation on August 1, 2017 following the RTO Transaction. He departed the Corporation on March 29, 2018. Severance payment in connection with the departure of David Schrader.
- (7) Mr. Arvin Ramos resigned as Chief Financial Officer effective August 2, 2017.
- (8) Mr. Reid was appointed as director on March 7, 2018. Mr. Reid was appointed Chief Executive Officer of the Corporation on April 25, 2018. Mr. Reid resigned as Chief Executive Officer on October 3, 2018 and continues to serve as a director of the Corporation. Mr. Reid is not compensated for serving as a director.
- (9) Mr. Rai was appointed as a director of the Corporation on August 1, 2017 following the RTO Transaction. Mr. Rai resigned as director on March 7, 2018 and was subsequently re-appointed as a director on April 25, 2018.
- (10) Mr. Leong was appointed as director of the Corporation on August 1, 2017 following the RTO Transaction. Mr. Leong resigned as director on March 7, 2018.
- (11) Mr. Petter was appointed as a director of the Corporation on August 1, 2017 following the RTO Transaction. Mr. Petter resigned as a director on January 15, 2018.
- (12) Mr. Benz was appointed as a director of the Corporation on August 1, 2017 following the RTO Transaction. Mr. Benz resigned as a director on January 15, 2018.
- (13) Mr. Neufeld was appointed as director on January 15, 2018 and subsequently resigned on April 24, 2018.
- (14) Mr. Scorsis was appointed as director on January 15, 2018 and resigned on July 27, 2018. He served in such capacity for 4 months of the most recently completed financial year.
- (15) Ms. Persofsky was appointed as director on March 7, 2018 and subsequently resigned on April 24, 2018. This amount represents a severance payment in connection with the departure of Renah Persofsky.
- (16) Mr. Fairbairn resigned as director of the Corporation effective August 2, 2017.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and Named Executive Officer of the Corporation for the most recently completed financial year (ended March 31, 2019).

COMPENSATION SECURITIES						
Name and Position	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price	Closing Price of Security or Underlying Security on Date of Grant ⁽¹⁾	Closing Price of Security or Underlying Security at Year End	Expiry Date
Brady Cobb ⁽¹⁾ Chief Executive Officer, Director	100,000 Stock Options 100,000 Common Shares (0.21%)	September 21, 2018	\$4.35	\$4.35	N/A	September 21, 2023
	50,000 DSUs 50,000 Common shares (0.11%)	October 23, 2018	N/A	\$3.30	N/A	N/A
Peter Liabotis ⁽²⁾ Chief Financial Officer	255,000 Stock Options 255,000 Common Shares (0.54%)	September 28, 2018	\$4.24	\$4.24	N/A	September 28, 2023
	11,765 DSUs 11,765 Common Shares (0.03%)	September 28, 2018	N/A	\$4.24	N/A	N/A
	60,000 DSUs 60,000 Common Shares (0.13%)	March 22, 2019	N/A	\$3.89	N/A	N/A
Andrew DeFrancesco ⁽³⁾	400,000 DSUs 400,000 Common Shares (0.85%)	September 4, 2018	N/A	\$2.95	N/A	N/A

COMPENSATION SECURITIES						
Name and Position	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price	Closing Price of Security or Underlying Security on Date of Grant ⁽¹⁾	Closing Price of Security or Underlying Security at Year End	Expiry Date
Chief Investment Officer; Chairman; Director	200,000 DSUs 200,000 Common Shares (0.43%)	February 13, 2019	N/A	\$3.20	N/A	N/A
Rob Reid ⁽⁴⁾ Director; Former Chief Executive Officer	32,646 DSUs 32,646 Common Shares (0.07%)	June 4, 2018	N/A	\$3.32	N/A	N/A
	480,000 Stock Options 480,000 Common Shares (1.02%)	June 4, 2018	\$4.00	\$4.00	N/A	June 4, 2023
Roger Rai ⁽⁵⁾ Director	16,500 DSUs 16,500 Common Shares (0.04%)	October 1, 2018	N/A	\$4.47	N/A	N/A
	50,000 DSUs 50,000 Common Shares (0.11%)	March 22, 2019	N/A	\$3.89	N/A	N/A

Notes:

- (1) Mr. Cobb was appointed as director on July 30, 2018 and was issued an aggregate of 100,000 Stock Options on September 21, 2018 and continues to serve as a director of the Corporation. 33,333 Stock Options were vested as at March 31, 2019. Mr. Cobb was appointed as Chief Executive Officer of the Corporation on October 23, 2018 and was issued 50,000 DSUs which vested immediately.
- (2) Mr. Liabotis was appointed as Chief Financial Officer on September 28, 2018 and was issued an aggregate of 255,000 Stock Options and 11,765 DSUs. Mr. Liabotis was awarded an additional 60,000 DSUs on March 22, 2019. 85,000 Stock Options and 71,765 DSUs were vested as at March 31, 2019.
- (3) Mr. DeFrancesco was appointed as Director on September 4, 2018 and was issued 400,000 DSUs. Mr. DeFrancesco was appointed as Chairman and Chief Investment Officer on November 1, 2018. Mr. DeFrancesco was issued an additional 200,000 DSUs on February 13, 2019. 600,000 DSUs vested as at March 31, 2019.
- (4) Mr. Reid was appointed as director on March 7, 2018 and was issued 200,000 Stock Options and 120,000 DSUs. Mr. Reid was appointed Chief Executive Officer of the Corporation on April 25, 2018 and was issued 480,000 Stock Options. On June 4, 2018, Mr. Reid was issued 32,646 DSU as signing bonus. Mr. Reid resigned as Chief Executive Officer on October 3, 2018 and continues to serve as a director of the Corporation. 16,667 Stock Options and 152,646 DSUs vested as of March 31, 2019.
- (5) Mr. Rai was issued an aggregate of 100,000 DSUs. Each DSU is convertible into one previously unissued Common Share or cash equivalent for each whole vested DSU held. The 100,000 DSUs are subject to the terms and conditions of the Surplus Escrow Agreement. 100,000 DSUs were converted into Common Shares on March 8, 2018. Mr. Rai was issued 16,500 DSUs on October 1, 2018.

The following table discloses all exercises by a director or Named Executive Officer of compensation securities during the most recently completed financial year ended March 31, 2019.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOs							
Name and Position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
David Schrader Former Director	Stock Options	250,000	\$0.05	June 4, 2018	\$3.32	\$3.27	\$12,500
Jonathan Gilbert	Stock Options	200,000	\$2.00	October 12, 2018	\$4.13	\$2.13	\$400,000

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOs							
Name and Position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Former Chief Executive Officer; Former Director							
Jonathan Gilbert Former Chief Executive Officer; Former Director	Stock Options	35,000	\$2.1625	October 12, 2018	\$4.13	\$1.9675	\$75,688
Jonathan Gilbert Former Chief Executive Officer; Former Director	DSU	125,000	N/A	August 16, 2018	\$2.00	N/A	\$250,000
Jonathan Gilbert Former Chief Executive Officer; Former Director	DSU	165,000	N/A	August 16, 2018	\$2.1625	N/A	\$356,813
George Scorsis Former Director	DSU	120,000	N/A	August 16, 2018	\$5.28	N/A	\$633,600
Jonathan Held Former Chief Financial Officer	DSU	110,000	N/A	November 28, 2018	\$2.00	N/A	\$225,500

Stock Option Plans and Other Incentive Plans

Stock Option Plan

The Stock Option Plan is a “rolling” stock option plan which was last approved by the Shareholders on May 31, 2017. The purpose of the Stock Option Plan is to, among other things, encourage Common Share ownership in the Corporation by directors, officers, employees and persons engaged to provide ongoing management and consulting services. The number of Common Shares reserved for issue under the Stock Option Plan may not exceed 10% of the issued and outstanding Common Shares of the Corporation at any given time, less the number of Common Shares issuable pursuant to all other securities-based compensation arrangements. The stock options granted under the Stock Option Plan are non-assignable and may be granted for a term not exceeding ten years. Stock Options may be granted under the Stock Option Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The exercise price of stock options issued under the Stock Option Plan may not be less than the market price of the Common Shares at the time the option is granted, subject to any discounts permitted by applicable legislative and regulatory requirements.

The Stock Option Plan contains the following restrictions as to insider and individual eligibility thereunder: (i) the maximum number of Common Shares which may be reserved for issuance to insiders under the Stock Option Plan, any other employer stock option plans or stock options for services, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis); (ii) the maximum number of stock options which may be granted to insiders under the Stock Option Plan, any other employer stock option plans or stock options for services, within any 12 month period, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis); and (iii) the maximum number of Common Shares which may be issued to any one optionee, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). The maximum number of stock options which may be granted to any one consultant under the Stock Option Plan, any other employer

stock options plans or stock options for services, within any 12 month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of stock options which may be granted to “investor relations persons” under the Stock Option Plan, any other employer stock options plans or stock options for services, within any 12 month period must not exceed, in the aggregate, 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

DSU Plan

The DSU Plan, which was last approved by the Corporation's Shareholders on March 7, 2018, is intended to strengthen the alignment of interests between DSU Participants and the Shareholders by linking a portion of annual compensation, as determined by the Board, from time to time, to the future value of the Common Shares. In addition, the DSU Plan was adopted for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of directors, officers and employees of the Corporation and its affiliates, it being generally recognized that the DSU Plan will aid in attracting, retaining and encouraging director, officer and employee commitment and performance due to the opportunity offered to them to receive compensation in line with the value of the Common Shares.

Pursuant to the DSU Plan, the Board may, from time to time, in its discretion and in accordance with stock exchange requirements, grant DSU Participants deferred share units of the Corporation DSUs, representing the right of the DSU Participant to receive one previously unissued Common Share or cash equivalent (a “**DSU Payment**”) for each whole vested DSU held by such DSU Participant.

The maximum number of Common Shares issuable pursuant to outstanding DSUs shall be limited to 10% of the aggregate number of issued and outstanding Common Shares, less the number of Common Shares issuable pursuant to all other securities-based compensation arrangements.

Under the terms of the DSU Plan, unless the Corporation has received disinterested Shareholder approval to do so, the number of Common Shares issuable to insiders, at any time, under all securities-based compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares.

Under the terms of the DSU Plan, unless the Corporation has received disinterested Shareholder approval to do so, the number of Common Shares issuable to insiders, within any one year period, under all securities-based compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares.

Subject to the terms of the DSU Plan and the compensation policies of the Corporation, the number of DSUs to be granted and issued to each DSU Participant on each DSU Grant Date shall be calculated by reference to (i) the dollar amount of the DSU Participant's remuneration as determined by the Board or the Corporation for the year that will be satisfied by such DSUs, and (ii) the last closing price of the Common Shares immediately prior to the relevant DSU Grant Date. The Board may, subject to applicable securities laws, also make additional determinations from time to time with respect to the number of DSUs to be issued, and the DSU Grant Date of DSUs to new DSU Participants appointed or hired from time to time, as the case may be. On each DSU Grant Date, the number of DSUs so determined by the Board shall be granted by the Corporation to such DSU Participant without any further action being required by any of them.

Upon a DSU Participant's death, or retirement from, or loss of office or employment with the Corporation (the “**Termination Date**”), the Corporation shall satisfy the DSU Payment for such DSU Participant by either (i) issuing to such DSU Participant one Common Share for each vested outstanding DSU held by such DSU Participant on such relevant Termination Date, or (ii) paying an amount in cash equivalent to the number of outstanding DSUs held by such DSU Participant multiplied by the last closing price of the Common Shares immediately prior to the Termination Date for such DSU Participant, subject to applicable deductions. Where DSUs have been granted to a DSU Participant with reference to his or her remuneration for a year, in the event such DSU Participant resigns or is otherwise no longer eligible under the DSU Plan,

as the case may be, during that year, such DSUs will only partially vest and the DSU Participant will only be entitled to a pro-rated DSU Payment in respect of such DSUs.

The aggregate number of Common Shares issuable to all DSU Participants retained to provide activities, by or on behalf of the Corporation or a Shareholder, that promote or could reasonably be expected to promote the sale of securities of the Corporation pursuant to the DSU Plan (or any other security-based compensation plans, including the Corporation's Stock Option Plan) must not exceed 2% of the issued and outstanding Common Shares in any 12 month period, calculated at the DSU Grant Date. In addition, unless the Corporation has received disinterested Shareholder approval to do so, (i) the aggregate number of Common Shares issuable to insiders, at any time, under all compensation plans, shall not exceed 10% of the outstanding Common Shares; (ii) the aggregate number of Common Shares issuable to insiders in any 12-month period under all securities-based compensation plans, shall not exceed 10% of the outstanding Common Shares.

Under no circumstances shall DSUs be considered Common Shares nor shall they entitle any DSU Participant to exercise voting rights or any other rights attaching to the ownership of common shares of the Corporation nor shall any DSU Participant be considered a Shareholder by virtue of the award of DSUs.

The rights or interests of a DSU Participant under the DSU Plan are not assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death. Further, such rights or interests are not to be encumbered.

The Board of Directors may from time to time amend, suspend or terminate the DSU Plan in whole or in part without further Shareholder approval; however, the DSU Plan sets out what the Board may and may not do, without obtaining the approval of Shareholders, in respect of amendments to the DSU Plan.

Employment, Consulting and Management Agreements

Below is a description of the material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of employment, consulting or management services provided to the Corporation or any of its subsidiaries that were performed by a director or Named Executive Officer (as at March 31, 2019).

Brady Cobb

Effective October 3, 2018, the Corporation entered into an employment agreement with Brady Cobb providing for his employment as Chief Executive Officer which commenced on October 3, 2018 and shall continue unless otherwise terminated in accordance with the terms of the agreement. The agreement provides for an annual base salary of US\$240,000 per annum. Further the agreement provides for a signing bonus of US\$120,000. Further the agreement provides for an annual bonus at the discretion of the board of directors. Mr. Cobb will also receive a total of \$250,000 deferred stock units to vest as follows: i) 50,000 immediately upon the commencement of the executive's employment with the employer; ii) 50,000 to vest on the first anniversary date of the executive's employment upon this agreement; iii) 50,000 to vest on the second anniversary date of the executive's employment under this agreement; iv) 50,000 to vest on the third anniversary date of the executive's employment under this agreement; v) the remaining total DSU's to vest on the fourth anniversary date of the Executive's employment under this agreement. If the executive is terminated, for any reason, 100% of any outstanding total DSUs will vest immediately upon the Executive's termination date. Mr. Cobb's employment agreement provides for the following payments in the event of termination without cause, if there is a change of control, or if the executive resigns for good reason: all accrued and unpaid compensation of any type and benefits payable under the agreement, and if within the first 3 years of employment, Mr. Cobb will receive the equivalent of eighteen (18) months pay in lieu of notice, which after 3 years, will increase by one month for each completed year up to a maximum of 24 months. Mr. Cobb's agreement also contains provisions for termination for cause, termination by the executive, and termination upon death and disability.

Peter Liabotis

Effective August 10, 2018, the Corporation entered into an employment agreement with Peter Liabotis providing for his employment as Chief Financial Officer which commenced on August 7, 2018 and shall continue unless otherwise terminated. The agreement provides for an annual base salary of CAD\$200,000 annually, which increased to CAD\$230,000 on January 16, 2019. Mr. Liabotis also received 255,000 stock options to vest as follows: i) 85,000 upon his start date; ii) 85,000 stock options on the first anniversary date of the executive's employment under the agreement; and iii) 85,000 stock options on the second anniversary date of the executive's employment under the agreement. In addition, Mr. Liabotis received 11,765 DSUs. Mr. Liabotis' employment agreement provides for the following payments in the event of termination without cause, if there is a change of control, or if the executive resigns for good reason: all accrued and unpaid compensation of any type and benefits payable under the agreement, and if within the first 4 years of employment, Mr. Liabotis will receive the equivalent of six (6) months pay in lieu of notice, which after 4 years, will increase by one month for each completed year up to a maximum of 24 months. Mr. Liabotis' agreement also contains provisions for termination for cause, termination by the executive, and termination upon death and disability.

Andrew DeFrancesco

On November 1, 2018, the Corporation entered into an employment agreement with Andrew DeFrancesco providing for his employment as Chief Investment Officer which commenced on November 1, 2018 and shall continue unless otherwise terminated in accordance with the terms of the agreement. The agreement provides for an annual base salary of US\$40,000 per month. Further, the agreement provides for entitlement to 70% of the bonus pool. Mr. DeFrancesco will also receive a total of \$1,200,000 deferred stock units, in addition to the 400,000 vested DSUs, independently granted to the Executive in his role as a director of the board. The executive DSUs will vest as follows: i) 200,000 of the total executive DSUs will vest immediately upon the commencement of the Executive's employment with the employer ii) 1/3 of the total executive DSUs to vest on the first anniversary date of the executive's employment under this agreement iii) 1/3 the total executive DSUs to vest on the second anniversary date of the executive's employment under this Agreement; and iv) the remaining total of the executive DSUs to vest on the third anniversary date of the executive's employment under this agreement. In the event the executive's employment with the employer is terminated for any reason, 100% of all outstanding executive DSUs will vest immediately upon the executive's termination date. Mr. DeFrancesco's employment agreement provides for the following payments in the event of termination without cause, if there is a change of control, or if the executive resigns for good reason: all accrued and unpaid compensation of any type and benefits payable under this Agreement, and if within the first 3 years, Mr. DeFrancesco will be entitled to receive the total of three (3) years' base pay in lieu of notice and, three (3) years' bonus pay. After the period of three (3) years of consecutive employment, the notice period will increase by one months' annual base salary for each completed year of service to a maximum of 24 months, in addition to the base salary payout, and one months' annual bonus for each completed year of service, to a maximum of 24 months, in addition to the bonus payout. Mr. DeFrancesco's agreement also contains provisions for termination for cause, termination by the executive, and termination upon death and disability.

Robert Reid

On June 4, 2018, the Corporation entered into a consultancy agreement with RPR Advisory Ltd. for the services of Robert Reid as Chief Executive Officer of the Corporation to commence on April 25, 2018. The consultancy agreement provides, Robert Reid will hold office of director, company secretary or other office of the Corporation or any Group Company or as trustee. The agreement provided for a fee of £17,000 per month exclusive of VAT. Further, Mr. Reid was awarded 152,646 DSUs. The consulting agreement with RPR Advisory Ltd. shall continue until terminated by either party giving the other not less than 12 weeks' prior written notice. Mr. Reid's resigned as Chief Executive Officer on October 3, 2018.

Jonathan Gilbert

Effective August 1, 2017, the Corporation entered into an employment agreement with Jonathan Gilbert providing for his employment as Chief Executive Officer which had an initial term of three (3) years, as well as automatic renewals for subsequent terms of one (1) year unless either party provided a notice of non-renewal. The agreement provided for an annual base salary of \$250,000, increasing \$20,000 annually, an annual bonus equal to the greater of (i) 0.5% of the Corporation's gross revenue for each calendar year or portion thereof during which Mr. Gilbert was employed up to and including his employment termination date or (ii) 15% of Mr. Gilbert's annual base salary for the concluding year, and participation in stock option and/or equity stock ownership programs for ownership in the Corporation. The agreement protected Mr. Gilbert's base salary against foreign exchange risk. Mr. Gilbert would also receive a bonus of \$50,000 upon (a) any new drug research and development program instituted by the Corporation, and (b) the grant of an IND by the United States Food and Drug Administration ("FDA") in connection with each drug development project. Mr. Gilbert would also receive a bonus of \$100,000 for each drug development project that resulted in the Corporation being awarded a new drug application by the FDA. Any lock-up restrictions that Mr. Gilbert had agreed that related to the sale of stock and stock options would also be released on termination of his employment with the Corporation. Mr. Gilbert's employment agreement did not address a change of control of the Corporation.

Effective May 1, 2018, the Corporation entered into a consulting agreement with Adroit Services, Ltd. for the services of Jonathan Gilbert to provide for the management of the University of Miami's research program as well as other administrative services. The term of the agreement commenced May 1, 2018 and would continue on a month-to-month basis until terminated. The consulting agreement provided for a monthly retainer fee of \$10,000 which would be pro-rated for partial months of service. In the event the consulting agreement was terminated for material breach, convenience or the consulting agreement is terminated by the consultant or is terminated as a result of the consultant's death or disability, then: (a) any fees and related taxes accrued would be paid out; (b) any entitlement to the Corporation's supplied equipment, vehicle or device would end; (c) the Corporation's property would be returned; (d) all electronically-stored confidential information or invention would be transferred to the Corporation; (e) reimbursable expenses and related taxes would be paid; (f) Mr. Gilbert would resign as a director of the Corporation; and (g) Mr. Gilbert would cease to have any further entitlement to any other notice or compensation/changes in lieu of notice or any other compensation or entitlements of any nature.

Mr. Gilbert stepped down as Chief Executive Officer on April 25, 2018 and as a director on August 1, 2018.

Jonathan Held

Effective August 1, 2017, the Corporation entered into a consulting agreement with ALOE Finance Inc. for the services of Jonathan Held to act as the Chief Financial Officer. The term of the agreement was for one (1) year and would automatically renew for subsequent one (1) year periods unless either the Corporation or ALOE Finance Inc. provided a notice of non-renewal. The consulting agreement provided for a monthly retainer fee of \$10,000 which would be prorated for partial months of services. In the event the Corporation declined to renew the term of the agreement or terminated the agreement for convenience, or ALOE Finance terminated the agreement upon a change of control of the Corporation, ALOE Finance would be entitled to a termination fee equal to six (6) months' retainer fees. Any lock-up restrictions that Mr. Held had agreed to that related to the sale of stock and stock options would be released on termination of the consulting agreement. Under the agreement, Mr. Held is also granted 12,500 deferred share units, which have an initial value of \$8.00 per DSU. In the event of a change of control or termination of the agreement, except termination for material breach, all unvested equity based compensation would immediately vest and become exercisable. If the agreement was terminated following a change of control or for convenience, the equity based compensation would become exercisable until the earlier of (i) the first anniversary of the termination date, and (ii) the natural expiry of the equity based compensation. Mr. Held resigned as Chief Financial Officer as of September 28, 2018.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Named Executive Officers

Principles of Executive Compensation

The Corporation believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Corporation as a whole. The primary components of the Corporation's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the Shareholders. The following principles form the basis of the Corporation's executive compensation program:

- 1 align interest of executives and Shareholders;
- 2 attract and motivate executives who are instrumental to the success of the Corporation and the enhancement of Shareholder value;
- 3 pay for performance;
- 4 ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Corporation's long term value; and
- 5 connect, if possible, the Corporation's employees into principles 1 through 4 above.

The Board is responsible for the Corporation's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Corporation and the Named Executive Officers within the constraints of the agreements described under *"Employment, Consulting and Management Agreements"*. The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The Board also reviews and approves the hiring of executive officers.

Base Salary

The Board, at the recommendation of the Board's compensation committee (the **"Compensation Committee"**) approves the salary ranges for the Named Executive Officers. At the current stage of the Corporation's development, salaries have been determined by Board discussion without any formal targeted objectives. Going forward, the base salary review for each Named Executive Officer will be based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Corporation's peer group will also be accumulated from a number of external sources including independent consultants. The Corporation's policy for determining salary for executive officers is consistent with the administration of salaries for all other employees.

Short Term Incentive Compensation

The Corporation, in its discretion, may award annual bonuses in order to motivate executives to achieve short-term corporate goals. The Board, at the recommendation of the Compensation Committee, approves the granting of any annual bonuses.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Corporation in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officer's performance on the basis of his or her respective

contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Corporation that arise on a day to day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

Compensation and Measurements of Performance

Other than as disclosed in *Employment, Consulting and Management Agreements*, it is the intention of the Board to approve targeted amounts of annual bonuses for each Named Executive Officer at the beginning of each financial year. The targeted amounts are considered by the Compensation Committee for recommendation to the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

Long Term Incentive Compensation

The Stock Option Plan and the DSU Plan comprise the only long term incentive compensation plans of the Corporation.

Compensation of Directors

Directors of the Corporation do not receive any compensation for attending meetings of the Board, committees of the Board and Shareholders meetings. Other than stock options and DSUs to purchase Common Shares, which are granted to the Corporation's directors from time to time, the Corporation does not have any arrangements pursuant to which directors are remunerated by the Corporation or any of its subsidiaries for their services in their capacities as directors, consultants or experts.

Pension Disclosure

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Corporation.

Director's and Officer's Liability Insurance

The Corporation has purchased a directors' and officers' liability insurance policy, effective from February 22, 2019 to February 22, 2020. The policy provides USD\$5,000,000 per claim and for aggregate liability coverage plus USD\$5,000,000 in excess coverage. The retention is USD\$2,000,000. The aggregate premium paid for the coverage was USD\$393,750.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table summarizes the outstanding aggregate indebtedness outstanding as of the date hereof owed to the Corporation or any of its subsidiaries by all executive officers, directors, employees and executive officers, former directors and employees of the Corporation or any of its subsidiaries.

AGGREGATE INDEBTEDNESS (\$)					
Purpose	To the Corporation or its Subsidiaries		To Another Entity		
Share purchases	N/A		N/A	N/A	N/A
Other	\$207,078		N/A	N/A	N/A

Indebtedness under Securities Purchase and Other Programs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS (\$)						
Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During Fiscal Year 2018 (\$)	Amount Outstanding as at Date of Circular	Financially Assisted Securities Purchases During Fiscal Year 2018 (#)	Security for Indebtedness	Amount Forgiven During Fiscal Year 2018 (\$)
Share Purchases Programs						
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Programs						
Roger Rai, Director	Corporation is the Lender	\$129,166	\$129,166	N/A	N/A	None
Gary Leong, Former Director	Corporation is the Lender	\$77,913	\$23,913	N/A	N/A	None

Mr. Rai was elected as a director of the Corporation effective August 1, 2017. As compensation for his service, Mr. Rai was issued 100,000 DSUs pursuant to the DSU Plan which were escrowed pursuant to the Surplus Escrow Agreement.

Mr. Rai resigned as a director of the Corporation following the Corporation's special Shareholder meeting held on March 7, 2018. As permitted under the DSU Plan, each outstanding DSU held by Mr. Rai was converted into a Common Share following his resignation. The issuance of the Common Shares constituted a "**taxable event**" under applicable Canadian federal tax rules thereby resulting in Mr. Rai incurring a significant and immediate income tax liability but without the ability to trade the majority of the issued Common Shares because the majority of such shares remained subject to escrow under the Surplus Escrow Agreement.

To assist Mr. Rai in mitigating such income tax liability, the Corporation advanced to Mr. Rai a loan in the amount \$129,166 bearing an interest rate of one percent (1%). Such loan amount will be repaid in full to the Corporation on or before December 31, 2019.

Mr. Leong, was elected as a director of the Corporation effective August 1, 2017. As compensation for his service, Mr. Leong was issued 100,000 DSUs pursuant to the DSU Plan which were escrowed pursuant to the Surplus Escrow Agreement.

Mr. Leong resigned as a director of the Corporation following the Corporation's special Shareholder meeting held on March 7, 2018. As permitted under the DSU Plan, each outstanding DSU held by Mr. Leong was converted into a Common Share following his resignation. The issuance of the Common Shares constituted a "taxable event" under applicable Canadian federal tax rules thereby resulting in Mr. Leong incurring a significant and immediate income tax liability but without the ability to trade the majority of the issued Common Shares because the majority of such shares remained subject to escrow under the Surplus Escrow Agreement.

To assist Mr. Leong in mitigating such income tax liability, the Corporation advanced to Mr. Leong a loan in the amount \$120,558 bearing an interest rate of one percent (1%). As of September 6, 2019, \$96,645 was repaid to the Corporation and the remaining loan amount of \$23,913 will be repaid to the Corporation on or before December 31, 2019.

CONSOLIDATED CAPITALIZATION

The following table sets forth the share and loan capital of the Corporation, on a consolidated basis, since June 30, 2019 the date of the Corporation's most recently filed unaudited interim financial statements. Other than as disclosed in this Circular, since June 30, 2019 there have been no material changes in the share capital of the Corporation. This table should be read in conjunction with the unaudited interim financial statements of the Corporation and the related notes and management's discussion and analysis of financial condition and results of operations.

	Authorized	As of June 30, 2019	Outstanding as at the date of this Circular
Shareholder Equity			
Common Shares	Unlimited	\$142,623,265 (54,629,256 Common shares)	\$142,623,265 (54,629,256 Common Shares)
Contributed Surplus	-	\$10,092,943	\$10,092,943
Warrants	-	7,354,628	7,354,628
Stock Options	-	2,001,400	2,001,400
DSUs	-	\$4,341,922 (1,938,358 DSUs) ⁽¹⁾	\$4,341,922 (1,938,358 DSUs) ⁽¹⁾
Compensation Options	-	-	-
Indebtedness			
Debentures			\$50,558,904 ⁽²⁾
Other Debt		\$6,836,293	\$6,973,348 ⁽³⁾
TOTAL CAPITALIZATION	-	\$168,894,423	\$214,590,382

Notes:

- (1) Includes only DSUs that are granted and issued as of March 31, 2019 and September 13, 2019.
- (2) On July 8, 2019, Corporation completed a \$50,000,000 private placement financing by way of the issue of a sale of a senior secured non-convertible debenture. The debenture bears an interest rate of 6% per annum and will mature on July 8, 2021, unless notified. As of September 12, 2019, included accrued interest \$50,558,904 is payable to private company.
- (3) On April 1, 2019, the Corporation entered into an agreement to terminate the purchase agreement with Verano. As a result of the termination, the Corporation and Verano entered into an agreement which Verano sold certain assets to the Corporation and 3 Boys Farms for a promissory note of \$6,670,000(US\$5,000,000). As of June 30, 2019, principal plus accrued interest was \$6,836,293 and as of September 13, 2019, principal plus accrued interest was \$6,973,348 (US\$5,000,000 plus accrued interest) payable to Verano.

AUDIT COMMITTEE

Under National Instrument 52-110 - *Audit Committees* ("NI 52-110"), the Corporation is required to include in this Circular the disclosure required under Form 52-110F2 with respect to the audit committee (the "**Audit Committee**") of the Board, including the composition of the Audit Committee, the text of the Audit Committee charter (attached hereto as Appendix "I"), and the fees paid to the external auditor.

Composition of the Audit Committee

The following are the current members of the Audit Committee:

Name	Independence ⁽¹⁾	Financial Literacy
Roger Rai	Independent	Financially Literate
Rob Reid	Not Independent ⁽²⁾	Financially Literate
Andrew DeFrancesco	Not Independent ⁽³⁾	Financially Literate

Notes:

- (1) The Corporation is a “venture issuer” for the purposes of NI 52-110. As such, the Corporation is exempt from the requirement to have the Audit Committee comprised entirely of independent members.
- (2) Rob Reid is not independent by virtue of having served as an executive officer of the Corporation within the past 3 years.
- (3) Andrew DeFrancesco is not independent by virtue of currently being an executive officer of the Corporation.
- (4) Roger Rai is the Chair of the Audit Committee.

Relevant Education and Experience

Roger Rai – Mr. Rai is the Managing Director of E.S. Rogers Enterprises and President of R3 Concepts Inc. As Managing Director at E.S. Rogers, Mr. Rai advises Edward Rogers on business, revenue, partnership and talent development. Mr. Rai was previously the Vice-President of Business Development of Peeks Social Ltd., a TSXV listed Corporation operating Keeks.com, a social networking service focusing on video content. Mr. Rai has managed and directed both private and public companies having been a director for Sustain Co. Inc. (SMS), Pintree Capital Ltd. (PNP) and The Mint Corporation. Mr. Rai has significant experience in the digital and telecommunications markets, having held various managerial positions. Mr. Rai is the founder and a director of the ONEXONE Foundation, a charitable organization focused on global child welfare. Born and raised in Toronto, Ontario, Mr. Rai received his Bachelor of Arts (BA) from the University of Western Ontario. Mr. Rai successfully completed a number of courses related to financial reporting at Ryerson University from 1992 to 1994. Mr. Rai held management positions with C.O.R.E Animation, and was a founder of Fastvibe, both of which required the review and approval of financial statements. Mr. Rai previously served as a director of the Corporation from August 1, 2017 to March 7, 2018.

Rob Reid – Mr. Reid is a well-known investor and advisor who works across a number of global cannabis markets. He also founded ECH, a venture capital and incubator platform that has built a successful portfolio of medical cannabis companies operating across the emerging industry in Europe. Previous to cannabis, Rob served as Managing Director at Advertising M&A, an M&A consultancy for the digital / creative sectors and before that he ran one of Europe’s leading digital marketing agencies. Rob has overseen the finances and financial statements of a number of private and public companies making him qualified to sit on the Audit Committee.

Andrew DeFrancesco – Mr. DeFrancesco has over 26 years of capital markets experience, from senior positions at some of Canada’s most established independent investment firms in trading, sales and investment banking, to establishing first mover status as the founder and co-founder of a number of North American small and mid-capital companies in selected sectors. Mr. DeFrancesco started his career with Midland Walwyn Inc. prior to becoming Merrill Lynch Wealth Management, then moving to CM Oliver Inc., where he worked as head of trading and sales which was sold to Canaccord Capital. With a focus on private equity, Mr. DeFrancesco has been involved with a number of successful turnarounds including Jamba Juice in 2010 and the original American Apparel restructuring in 2011. Mr. DeFrancesco, via Delavaco is the former Partner and Executive Director of Kahala Corp; owner of Pinkberry, Cold Stone Creamery, Blimpies Subs, Taco Time, , which was sold to MTY Food Group Inc. Mr. DeFrancesco has significant experience in the energy, hospitality and retail and consumer package goods sectors having founded and served as Chairman for a number of companies including Delavaco Energy Inc. (Founder & Chairman), APO Energy Inc. & P1 Energy Corp., that was acquired by Parex Resources Inc. (Founder / CEO) and Dalradian Gold Limited (Founder / Chairman and CEO).

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial period has the Corporation relied on the exemption in:

- (a) Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- (b) Subsection 6.1.1(4) of NI 52-110 (Circumstances Affecting the Business or Operations of the Venture Issuer);
- (c) Subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*);
- (d) Subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*),

or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110 as the Corporation is a "venture issuer". As a result, the Corporation is exempt from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in Appendix "I" attached hereto.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor for each of the two most recently completed financial years.

Financial Period Ended	Audit Fees ⁽¹⁾	Audit-Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees
March 31, 2018	93,405	10,700	Nil	17,023
March 31, 2019	100,000	74,694	226,376	-

Notes:

- (1) "Audit Fees" includes fees for the performance of the annual audit and for accounting consultations on matters reflected in the financial statements.
- (2) "Audit-Related Fees" includes fees for assurance and related services, related to the performance of the review of the financial statements including fees for AIF and "earn-in" audit work that are not reported under Audit Fees.
- (3) "Tax Fees" includes the fees paid for tax compliance, tax planning and tax advice.
- (4) "All Other Fees" includes tax advice.

CORPORATE GOVERNANCE

The Board views effective corporate governance as an essential element for the effective and efficient operation of the Corporation. The Corporation believes that effective corporate governance improves

corporate performance and benefits all of its Shareholders. The following statement of corporate governance practices sets out the Board's review of the Corporation's governance practices relative to Form 58-101F2 under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines*.

Board of Directors

The Board is responsible for supervising the management of the business and affairs of the Corporation. The Board is currently comprised of one independent director and three (3) non-independent members. The independent director is Roger Rai as such term is contemplated under NI 58-101. Brady Cobb and Andrew DeFrancesco are not independent by virtue of being current senior executive officers of the Corporation. Robert Reid is not independent by virtue of having served as a senior executive officer of the Corporation within the last three (3) years.

The Board has plenary power to manage and supervise the management of the business and affairs of the Corporation and to act in the best interest of the Corporation. The Board is responsible for the overall stewardship of the Corporation and approves all significant decisions that affect the Corporation before they are implemented. The Board also considers their implementation and reviews the results. Any related party transaction as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, is subject to review by the independent directors of the Board.

Directorships

None of the Corporation's directors are currently directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction.

Orientation and Continuing Education of Board Members

The Corporation currently does not have any formal orientation or continuing education programs in place for new directors.

Ethical Business Conduct

The Board is of the view that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest, are sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Nomination of Directors

The size of the Board is reviewed annually when the Board considers the number of directors to recommend for election at the annual meeting of Shareholders. The Board takes into account the number of directors required to carry out the Board duties effectively, and to maintain a diversity of view and experience.

Compensation of Directors and Officers

The independent member(s) of the Board review and determine the compensation of directors and officers. The Board meets at least annually to establish, administer and evaluate the compensation philosophy, policies and plans for directors and officers regarding director and executive compensation and to review the performance and determine the compensation of the CEO, based on criteria including the Corporation's performance and accomplishment of long-term strategic objectives, each individual officer's performance and comparable compensation paid to similarly-situated officers in comparable companies.

Other Board Committees

As of the date of this Circular, the Board has no standing committees other than the Audit Committee and the Compensation Committee.

Assessment of Directors, the Board and Board Committees

The Board monitors the adequacy of information given to directors, the communications between the Board and management and the strategic direction and processes of the Board and its committees, to satisfy itself that the Board, its committees and its individual directors are performing effectively.

RISK FACTORS

There are a number of risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Corporation faces. Additional risks and uncertainties, including those that the Corporation does not know about now or that it currently deems immaterial, may also adversely affect the Corporation's business. If any of the following risks actually occur, the Corporation's business may be harmed and its financial condition and results of operations may suffer significantly.

The Corporation's business activities, while believed to be compliant with applicable state and local U.S. law, are illegal under U.S. federal law

Although certain U.S. states have legalized the sale of medical or adult-use cannabis, the sale, distribution, and cultivation of cannabis and cannabis related products remains illegal under U.S. federal law. In those states in which the use of cannabis has been legalized, its use remains a violation of federal law pursuant to the CSA. Federal law pre-empts state law in these circumstances, so that the federal government can assert criminal violations of federal law despite compliance with state law.

The CSA classifies cannabis as a Schedule I controlled substance, and as such, medical and recreational cannabis use is illegal under U.S. federal law. Unless and until Congress amends the CSA with respect to cannabis (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law. If that occurs, the Corporation or other entities in which the Corporation may have an interest from time to time may be deemed to be producing, cultivating or dispensing cannabis and drug paraphernalia in violation of federal law, or the Corporation may be deemed to be facilitating the selling or distribution of cannabis and drug paraphernalia in violation of federal law with respect to the Corporation's investment in other entities. Since federal law criminalizing the use of cannabis pre-empts state laws that legalize its use, strict enforcement of federal law regarding cannabis would harm the Corporation's business, prospects, results of operation, and financial condition.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Corporation, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded common shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

U.S. State Regulatory Uncertainty

The activities of the Corporation are, and will continue to be, subject to evolving regulation by various governmental authorities. The medical and recreational cannabis industry is subject to various local and federal laws, regulations, guidelines, and licensing requirements relating to the manufacture, sale, distribution, management, transportation, storage, and disposal of medical cannabis, as well as being subject to laws and regulations relating to health and safety, the conduct of operations, and the protection of the environment. Variations exist among states that have legalized, decriminalized or created medical marijuana exemptions.

The rulemaking process for cannabis operators at the state level in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All operating policies and procedures implemented in the operation will be compliance-based and derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding the Corporation's efforts, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Corporation will receive the requisite licenses, permits or cards to operate its businesses.

In addition, local laws and ordinances could restrict the Corporation's business activity. Although legal under the laws of the states in which the Corporation's business will operate, local governments have the ability to limit, restrict, and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances, and similar laws could be adopted or changed, and have a material adverse effect on the Corporation's business.

The Corporation is aware that multiple states are considering special taxes or fees on businesses in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could have a material adverse effect upon the Corporation's business, results of operations, financial condition or prospects.

The Corporation currently operates in the State of Florida and intends to expand into in the States of Michigan, and California, and others as deemed appropriate by management.

State Licensing

State licenses in the U.S. are subject to ongoing compliance and reporting requirements. Failure by the Corporation to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Corporation. Should any state in which the Corporation considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Corporation could be materially adversely affected.

In certain states, the cannabis laws and regulations limit, not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person may own. For example, in Florida, there are also limitations on owning more than one of the vertically-integrated medical cannabis licenses offered in that state.

The Corporation believes that, where such restrictions apply, it may still capture significant share of revenue in the market through wholesale sales, exclusive marketing relations, provision of management or support services, franchising and similar arrangement with other operators. Nevertheless, such limitations on the acquisition of ownership of additional licenses within certain states may limit the Corporation's ability to grow organically or to increase its market share in such states.

There is No Assurance that the Corporation will obtain and retain any Relevant Licenses.

State licenses in the U.S. are subject to ongoing compliance and reporting requirements. Failure by the Corporation to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Corporation. Should any state in which the Corporation considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Corporation could be materially adversely affected.

Federal and State Forfeiture Laws

As an entity that conducts business in the cannabis industry, the Corporation will be potentially subject to federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative for the federal government or any state (or local police force) that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Also, an individual can be required to forfeit property considered to be from proceeds of crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the burden in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Shareholders of the Corporation located in states where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Shareholders and prospective shareholders of the Corporation should be aware of these potentially relevant federal and state laws in considering whether to invest in the Corporation.

Banking Uncertainty

The Corporation will be subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the *Bank Secrecy Act*, as amended by *Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S.. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the Bank Secrecy Act, among other applicable federal statutes. Banks or other financial institutions that provide cannabis businesses with financial services such as a checking account or credit card in violation of the Bank Secrecy Act could be criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions. Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a “specified unlawful activity” such as distributing controlled substances which are illegal under federal

law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Corporation may also be exposed to the foregoing risks.

In February 2014, FinCEN issued the FinCEN Memorandum providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of the Bank Secrecy Act. It refers to supplementary guidance that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. Although the FinCEN Memo remains in effect today, it is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo. Overall, the DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state, including in states that have legalized the applicable conduct and the DOJ's current enforcement priorities could change for any number of reasons. A change in the DOJ's enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted. If the Corporation does not have access to a U.S. banking system, its business and operations could be adversely affected.

Other potential violations of federal law resulting from cannabis-related activities include the Racketeer Influenced Corrupt Organizations Act ("**RICO**"). RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the CSA), to use or invest any of that income in the acquisition of any interest, or the establishment or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the cannabis industry are rare, a few cannabis businesses have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business' operations.

In the event that any of the Corporation's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada, and subject the Corporation to civil and/or criminal penalties. Furthermore, in the event that a determination was made that the Corporation's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, the Corporation may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. The Corporation could likewise be required to suspend or cease operations entirely.

Nature of the Business Model

Since the cultivation, processing, production, distribution, and sale of cannabis for any purpose, medical, adult-use (i.e., recreational), or otherwise, remain illegal under United States federal law, it is possible that any of the Corporation or its subsidiaries may be forced to cease activities. The United States federal government, through, among others, the DOJ, its sub agency the Drug Enforcement Agency ("**DEA**"), and the U.S. Internal Revenue Service (the "**IRS**"), have the right to actively investigate, audit and shut-down cannabis growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the property of the Corporation or any subsidiary or entity of the Corporation. Any action taken by the DOJ, the DEA and/or the IRS to interfere with, seize, or shut down the operations of the Corporation, a subsidiary or entity of the Corporation, will have an adverse effect on their businesses, operating results and financial condition.

Regulatory Scrutiny of the Corporation's Interests in the United States

For the reasons set forth above, the Corporation's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in the United States. As a result, the Corporation may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to carry on its business in the United States.

Laws and Regulations Affecting the Industry in which the Corporation Operates are Constantly Changing

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the Corporation. The current and proposed operations of the Corporation and its subsidiaries are subject to a variety of local, state and federal medical cannabis laws and regulations relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require the Corporation to incur substantial costs associated with compliance or alter certain aspects of their business plans.

In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the business plans of the Corporation and result in a material adverse effect on certain aspects of their planned operations. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Corporation's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, the Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or adult use purposes in the United States.

It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Corporation, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital. In addition, the Corporation will not be able to predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to its business.

Security Risks

The business premises of the Corporation's operating locations are targets for theft. While the Corporation has implemented security measures at each location and continues to monitor and improve its security measures, its cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the Corporation fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the Corporation.

As the Corporation's business involves the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into its bank, there is a risk of theft or robbery during the transport of cash. The Corporation has engaged a security firm to provide security in the transport and movement of large amounts of cash. Employees sometimes transport cash and/or products and each employee has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the Corporation has taken robust steps to prevent theft or robbery of cash during transport, there can be

no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Regulatory Action and Approvals from the Food and Drug Administration

The Corporation's cannabis-based products are supplied to patients diagnosed with certain medical conditions. However, the Corporation's cannabis-based products are not approved by the Food and Drug Administration ("**FDA**") as "drugs" or for the diagnosis, cure, mitigation, treatment, or prevention of any disease. Accordingly, the FDA may regard any promotion of the cannabis-based products as the promotion of an unapproved drug in violation of the *Food, Drug and Cosmetics Act of 1938* ("**FDCA**").

In recent years, the FDA has issued letters to a number of companies selling products that contain CBD oil derived from hemp warning them that the marketing of their products violates the FDCA. FDA enforcement action against the Corporation could result in a number of negative consequences, including fines, disgorgement of profits, recalls or seizures of products, or a partial or total suspension of the Corporation's production or distribution of its products. Any such event could have a material adverse effect on the Corporation's business, prospects, financial condition, and operating results.

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would regulate it under the FDCA. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Corporation is unable to comply with the regulations or registration as prescribed by the FDA, it may have an adverse effect on the business, operating results and financial condition of the Corporation.

Enforceability of Contracts

Because the Corporation's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Corporation may face difficulties in enforcing its contracts in U.S. federal and certain state courts. The inability to enforce any of the Corporation's contracts could have a material adverse effect on the Corporation's business, operating results, financial condition or prospects.

Service Providers

As a result of any adverse change to the approach in enforcement of the U.S. cannabis laws, adverse regulatory or political changes, additional scrutiny by regulatory authorities, adverse changes in the public perception in respect to the consumption of cannabis or otherwise, third-party service providers to the Corporation, or any of the Subsidiaries could suspend or withdraw their services, which may have a material adverse effect on the business, revenues, operating results, financial condition or prospects of the Corporation, or any of the Subsidiaries.

Risk of Civil Asset Forfeiture

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry, which are either used in the course of conducting such business, or were purchased using the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

U.S. Tax Liabilities

Section 280E of the Tax Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (including cannabis) which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the United States that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly and include the cost of seeds, plants and labor related to cultivation, while the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

U.S. Travel Bans

Recent media articles have reported that certain Canadian citizens have been rejected for entry into the United States, due to their involvement in the cannabis sector, which has in at least one widely reported incident, included an investor in companies operating in the cannabis sector in states where it is legal to do so, which resulted in that case in a lifetime ban to the investor.

Because cannabis remains illegal under United States federal law, those employed at or investing in legal and licensed Canadian cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis businesses. Entry happens at the sole discretion of U.S. Customs and Border Protection (“CBP”) officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The majority of persons travelling across the Canadian and U.S. border do so without incident. Some persons are simply barred entry one time. On September 21, 2018 and as updated on October 9, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada’s legalization of cannabis will not change CBP’s enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substances under United States law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal or Canada may affect admissibility to the U.S. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the U.S. or Canada, who are not U.S. citizens, face the risk of being barred from entry into the United States for life. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible.

U.S. Bankruptcy Protections

Because cannabis is a Schedule I substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Corporation were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Corporation, which would have a material adverse effect.

Heightened Scrutiny by Canadian Authorities

For the reasons set forth above, the business, operations and investments of the Corporation in the U.S., and any future businesses, operations and investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Corporation may be subject

to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction, in addition to those described herein.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

CDS Clearing and Depository Services Inc. ("**CDS**") is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, which is the owner and operator of CDS, announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE and the Toronto Stock Exchange confirming that it relies on such exchanges to review the conduct of listed issuers.

The MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the U.S.

Even though the MOU indicated that there are no plans of banning the settlement of securities through CDS, there can be no guarantee that the settlement of securities will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of shareholders to make and settle trades. In particular, the shareholders would become highly illiquid until an alternative (if available) was implemented, and investors would have no ability to effect a trade of their shares through the facilities of a stock exchange.

U.S. Federal Trademark Protection

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark protection regarding the intellectual property of a business, may not be available to the Corporation. As a result, the Corporation's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Corporation can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

Competition with the Corporation

The Corporation will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of the Corporation.

Because of the early stage of the industry in which the Corporation operates, the Corporation expects to face additional competition from new entrants. If the number of users of recreational cannabis in the states in which the Corporation will operate its business increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The

Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of its operations.

A decline in the price of the Common Shares could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Common Shares could result in a reduction in the liquidity of its Common Shares and a reduction in its ability to raise capital. Because a significant portion of the Corporation's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Corporation's liquidity and its operations. Such reductions may force the Corporation to reallocate funds from other planned uses and may have a significant negative effect on the Corporation's business plan and operations, including its ability to develop new products and continue its current operations. If the Corporation's stock price declines, it can offer no assurance that the Corporation will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Corporation is unable to raise sufficient capital in the future, the Corporation may not be able to have the resources to continue its normal operations.

High Bonding and Insurance Coverage

There is a risk that a greater number of state regulatory agencies will begin requiring entities engaged in certain aspects of the business or industry of legal cannabis to post a bond or significant fees when applying, for example, for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. The Corporation is not able to quantify at this time the potential scope for such bonds or fees in the States in which it currently or may in the future operate. Any bonds or fees of material amounts could have a negative impact on the ultimate success of the Corporation's business.

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Corporation maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Corporation is not generally available on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its business, results of operations, financial condition or prospects.

Dependence on Key Personnel

The Corporation's success will depend on its ability to attract and retain key personnel, including the Chief Executive Officer, Chief Financial Officer, and key employees related to the cultivation of cannabis. The Corporation has entered the Employment Agreements and the Consulting Agreement, which address to a certain extent the continued involvement of certain key officers and directors. The inability of the Corporation to retain its management and directors as a result of volatility or lack of positive performance in the Corporation's Share price, may adversely affect its ability to carry out its business.

Shareholders will be required to rely on the Board of Directors to conduct the business of the Corporation. Certain of the directors and management of the Corporation will not be devoting all of their time to the affairs of the Corporation, but will be devoting such time as may be required to effectively manage the Corporation.

Certain of the directors and management are engaged and will continue to be engaged in the search for investments for themselves and on behalf of others, including other private and public corporations. Accordingly, conflicts of interest may arise from time to time. Any conflicts will be subject to the procedures and remedies under the OBCA.

Shareholders will be required to rely on the business judgment, expertise and integrity of the directors and management of the Corporation. The Corporation must rely substantially upon the knowledge and expertise of its directors and management in entering into any investment agreement or investment arrangements, in determining the composition of the Corporation's investment portfolio, and in determining when and whether to dispose of securities owned by the Corporation. The death or disability of any of the Corporation's key personnel could adversely affect the ability of the Corporation to achieve its objectives.

Investors not willing to rely on the management and judgment of the Board of Directors should not invest in the Corporation.

The Corporation may also be dependent on certain consultants for evaluations of some of its investment opportunities. There can be no assurance such consultants will remain retained by the Corporation or be available as and when needed.

Dependence on Key Inputs, Suppliers and Skilled Labour

The cannabis business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of the Corporation. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Corporation might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Corporation in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Corporation.

The ability of the Corporation to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Corporation will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Corporation.

Risk Related to Default on Debt

The Corporation has debt and owes money to creditors including under the Debenture. Such debt may be secured against the Corporation's assets or guaranteed by certain of the Corporation's subsidiaries and is subject to certain covenants being met. These covenants could reduce the Corporation's flexibility in conducting its operations and may create a risk of default on its debt if the Corporation cannot satisfy or continue to satisfy these covenants. Should the Corporation fail to satisfy or continue to satisfy its covenants and if its debt is accelerated or required to be redeemed, the Corporation will need to find new sources of finance or else cede ownership of some or all of its assets which may have a material adverse effect on the business and financial position of the Corporation.

Risks Inherent in an Agricultural Business

The Corporation's business involves the growing of cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Unknown Environmental Risks

There can be no assurance that the Corporation will not encounter hazardous conditions at the site of the real estate used to operate its businesses, such as asbestos or lead, in excess of expectations that may delay the development of its businesses. Upon encountering a hazardous condition, work at the facilities of the Corporation may be suspended. If the Corporation receives notice of a hazardous condition, it may be required to correct the condition prior to continuing construction. The presence of other hazardous conditions will likely delay construction and may require significant expenditure of the Corporation's resources to correct the condition. Such conditions could have a material impact on the investment returns of the Corporation.

Risks Related to Additional Financing

The Corporation may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable. The Corporation's inability to raise financing through traditional banking to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Corporation's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing Shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to existing shareholders.

Future Acquisitions or Dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Corporation's ongoing business; (ii) distraction of management; (iii) the Corporation becoming more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions not being realized fully or at all or may take longer to realize than expected; and (v) loss or reduction of control over certain of the Corporation's assets. Additionally, the Corporation may issue additional shares, which would dilute a Shareholder's holdings in the Corporation or indirect holdings in the Corporation.

The presence of one or more material liabilities of an acquired company that are unknown to the Corporation at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Corporation. A strategic transaction may result in a significant change in the nature of the Corporation's business, operations and strategy. In addition, the Corporation may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Corporation's operations.

Due Diligence

The due diligence process undertaken by the Corporation in connection with investments or acquisitions that it makes or wishes to make may not reveal all relevant facts in connection with an investment or acquisition. Before making investments or acquisitions, the Corporation will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each transaction, and balancing the cost of such due diligence with potential risk exposure. When conducting due diligence investigations, the Corporation may be required to evaluate important and complex business, financial, tax, accounting and legal issues. External consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of transaction. Nevertheless, when conducting due diligence investigations and making an assessment regarding a transaction, the Corporation will rely on resources available, including information provided by the target and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any opportunity may not reveal or highlight all relevant

facts that may be necessary or helpful in evaluating such opportunity. Moreover, such an investigation will not necessarily result in the transaction being successful.

Sales, Marketing and Distribution Risks

If regulatory bodies approve the product candidates, the Corporation will need to acquire sales, marketing and distribution capabilities to commercialize the product candidates. This process is expensive and time-consuming. If the Corporation is not successful in commercializing any product candidate approved, either through internal processes or through third parties, the business, financial condition and results of operations of the Corporation could be materially adversely affected.

Energy Costs

The Corporation's cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Corporation and its ability to operate profitably.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The Corporation's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to manage growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Fluctuations in the Value of the Corporation and the Shares

The market value of the Common Shares will fluctuate with changes in the market value of the Corporation's operations and investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of the Corporation's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Corporation. There can be no assurance that Shareholders will realize any gains from their investment in the Corporation and may lose their entire investment.

Limited Operating History and No Assurance of Profitability

The Corporation is subject to all of the business risks and uncertainties associated with any early-stage enterprise, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources, and lack of revenues.

Up until the quarter ended September 30, 2018, the Corporation had a history of operating losses and of negative cash flows from operations. The Corporation will remain reliant on positive net income from continuing operations and capital markets for future funding to meet its ongoing obligations. The application of the going concern concept is dependent on the Corporation's ability to receive continued financial support from its stakeholders and, ultimately, on the Corporation's ability to generate profitable operations.

Volatile Market Price of the Common Shares

The market price for securities of cannabis companies, including the Corporation's, have historically been volatile and subject to wide fluctuations in response to various factors, many of which are beyond the Corporation's control, which may affect the ability of the Corporation's Shareholders to sell their securities at an advantageous price. The Corporation's failure to meet expectations, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions, industry related developments, results of product development or commercialization, changes in government regulations or other material public announcements by the Corporation or its competitors,

along with a variety of additional factors may affect market fluctuations. The market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. There can be no assurance that continuing fluctuations in price and volume will not occur.

Costs of being a Public Company

As a public issuer, the Corporation is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Corporation's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Corporation's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

In particular, the Corporation is subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, which requires annual management assessment of the effectiveness of the Corporation's internal controls over financial reporting. Effective internal controls, including financial reporting and disclosure controls and procedures, are necessary for the Corporation to provide reliable financial reports, to effectively reduce the risk of fraud and to operate successfully as a public company. These reporting and other obligations place significant demands on the Corporation as well as on the Corporation's management, administrative, operational and accounting resources.

Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and materially adversely affect the trading price of the Shares.

Unfavourable Publicity or Consumer Perception

The Corporation's ability to generate revenue and be successful in the implementation of its business plan is dependent on consumer acceptance and demand of its product lines. Proposed management of the Corporation believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced.

Acceptance of the Corporation's products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If customers do not accept the Corporation's products, or if the Corporation fails to meet customers' needs and expectations adequately, its ability to continue generating revenues could be reduced.

Consumer perception of the Corporation's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's proposed products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Corporation, the demand for the Corporation's products, and the business, results of operations, financial condition and cash flows of the Corporation.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Corporation's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Litigation

The Corporation may become party to litigation in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation, such a decision could adversely affect the Corporation's ability to continue operating, the market price for the Corporation's Common Shares and could use significant Corporation resources. Even if the Corporation is successful in litigation, litigation can significantly redirect the Corporation's resources. Litigation may also negatively affect the Corporation's brand. The Corporation is aware of two actions relating to the Latin America Transaction.

The Corporation May be Exposed to Infringement or Misappropriation Claims by Third Parties, Which, if Determined Adversely to the Corporation, Could Subject the Corporation to Significant Liabilities and Other Costs

The Corporation's success may likely depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of marijuana without infringing the intellectual property rights of third parties. The Corporation cannot assure that third parties will not assert intellectual property claims against it. The Corporation is subject to additional risks if entities licensing to it intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Corporation, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Corporation may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Corporation to injunctions prohibiting the development and operation of its applications.

If the Corporation is Unable to Continually Innovate and Increase Efficiencies, its Ability to Attract New Customers may be Adversely Affected

In the area of innovation, the Corporation must be able to develop new technologies and products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Corporation may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

A Drop in the Retail Price of Medical Marijuana Products may Negatively Impact the Business of the Corporation

The demand for the Corporation's products depends in part on the price of commercially grown marijuana. Fluctuations in economic and market conditions that impact the prices of commercially grown marijuana, such as increases in the supply of such marijuana and the decrease in the price of products using commercially grown marijuana, could cause the demand for medical marijuana products to decline, which would have a negative impact on its business.

The Corporation's Trade Secrets May Be Difficult to Protect

The Corporation's success depends upon the skills, knowledge, and experience of its scientific and technical personnel, its consultants and advisors, as well as its licensors and contractors. Because the Corporation operates in several highly competitive industries, the Corporation relies in part on trade secrets

to protect its proprietary technology and processes. However, trade secrets are difficult to protect. The Corporation enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party by it during the course of the receiving party's relationship with it. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to it will be its exclusive property, and the Corporation enters into assignment agreements to perfect its rights.

These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to the Corporation. The Corporation's trade secrets also could be independently discovered by competitors, in which case the Corporation would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using its trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets. The failure to obtain or maintain meaningful trade secret protection could adversely affect its competitive position.

Difficulty in Enforcing Judgments and Effecting Service of Process on Directors and Officers

The majority of the directors and officers of the Corporation reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Shareholders to effect service of process within Canada upon such persons.

United States tax classification of the Corporation

The Corporation, which is and will continue to be a Canadian corporation as of the date of this Circular, generally would be classified as a non-United States corporation under general rules of United States federal income taxation. Section 7874 of the U.S. Tax Code, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for United States federal income tax purposes.

It remains possible that the Corporation will be to be treated as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and may be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Corporation is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident Corporation (as defined in the ITA for Canadian income tax purposes. As a result, the Corporation may be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Corporation will pay any dividends on the Common Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purposes of the ITA may be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States Tax Convention (1980). In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders may not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Corporation may be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. Accordingly, U.S. shareholders may not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by Shareholders that are neither Canadian nor U.S. residents may be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. or Canadian withholding tax, as the case may be, under any income tax treaty otherwise applicable to a shareholder of the Corporation, subject to examination of the relevant treaty.

As a U.S. domestic corporation for U.S. federal income tax purposes, the taxation of the Corporation's non-U.S. shareholders upon a disposition of Shares will depend on whether the Corporation is classified as a United States real property holding corporation (a "USRPHC") under the Code. The Corporation expects that it will not be a USRPHC for the foreseeable future. If the Corporation becomes a USRPHC, its non-U.S. shareholders may be subject to U.S. federal income tax on any gain associated with the disposition of the common shares.

Because the Common Shares may be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM THEIR OWN TAX ADVISOR.

Economic Environment

The Corporation's operations could also be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Corporation's sales and profitability. As well, general demand for cannabis products cannot be predicted and future prospects of such areas might be different from those predicted by the Corporation's management.

Currency Fluctuations

Due to the Corporation's present operations in the United States, and its intention to continue future operations outside Canada, the Corporation is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Corporation's revenue will be earned in US dollars, but a portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the US dollar and the Canadian dollar may have a material adverse effect on the Corporation's business, financial position or results of operations.

Market Price Volatility and Disruption Risks

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Corporation, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Corporation, general economic conditions, legislative changes, and other events and factors outside of the Corporation's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Shares. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many junior companies have experienced wide fluctuations in price. The market price of the Common Shares may be volatile and could be subject to wide fluctuations due to a number of factors. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the Shares.

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual corporations or related groups of corporations. These risks could also adversely affect the securities markets, inflation and other factors relating to the securities

that would be held from time to time. Such events could directly or indirectly, have a material effect on the prospects and value of the securities of the Corporation.

Past Performance Not Indicative of Future Results

The prior investment and operational performance of the Corporation is not indicative of the future operating results of the Corporation. There can be no assurance that the historical operating results achieved by the Corporation or its affiliates will be achieved by the Corporation, and the Corporation's performance may be materially different.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Corporation's financial estimates, projections and other forward-looking information or statements included in this Circular are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in this Circular. Shareholders should inquire of the Corporation and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, the Shareholders should not rely on any projections to indicate the actual results the Corporation might achieve.

Dilution from Future Offerings

The Corporation is authorized to issue an unlimited number of Common Shares. The Corporation may issue additional securities (including Common Shares and convertible securities) from time-to-time to raise funding for its business and such issuances may be dilutive to Shareholders.

Conflicts of Interest

Certain of the directors and officers of the Corporation are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as directors and officers of the Corporation and as directors and officers of such other companies.

Constraints on Marketing Products

The development of the Corporation's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States limits companies' abilities to compete for market share in a manner similar to other industries. If the Corporation is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Corporation's sales and results of operations could be adversely affected.

Sales by Existing Shareholders

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell could reduce the market price of the Shares. If this occurs and continues, it could impair the Corporation's ability to raise additional capital through the sale of Common Shares.

Limited Market for Securities

Notwithstanding that the Common Shares are listed on the CSE, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and a Shareholder may find it difficult to resell any securities of the Corporation.

Global Financial Conditions

Following the onset of the credit crisis in 2007-2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Corporation's ability to obtain equity or debt financing in the future on terms favourable to the Corporation. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Corporation's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the cannabis industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Corporation's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Product Liability

If the Corporation obtains regulatory approval for its product candidates, as a manufacturer and distributor of products designed to be ingested by humans, the Corporation risks exposure to product liability claims, regulatory actions and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, adversely affect the Corporation's reputation with its clients and consumers generally, and have a material adverse effect on the Corporation's results of operations and financial condition. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Risk of Product Failure

The Corporation will focus some of its financial and managerial resources on research programs relating to the use of the cannabinoid Combination Therapy for the prevention and treatment of concussions and traumatic brain injuries. There is a risk of product failure if the Combination Therapy proves to be unsafe, ineffective or inadequate for clinical development or commercialization. The Combination Therapy may also

fail to exceed the efficacy of the individual component therapies applied separately. The Corporation may forego or delay pursuit of opportunities with other product candidates that could prove to have commercial potential. The resource allocation decisions of the Corporation could result in failure to capitalize on viable commercial products or profitable market opportunities.

If product development is successful and regulatory approval is obtained, the Corporation's ability to generate revenue will depend on the acceptance of the product candidates by physicians and patients. Factors which affect market acceptance include the indication statement and warnings approved by regulatory authorities on the product label, continued demonstration of efficacy and safety in commercial use, physicians' willingness to prescribe the product candidates, reimbursement from third-party payors such as government healthcare systems and insurance companies, the price of the product, the nature of any post-approval risk management plans mandated by regulatory authorities, competition, and marketing and distribution support. Factors preventing market acceptance of the product candidates could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

The Corporation's ability to generate revenue is based on its ability to market the product candidates in multiple jurisdictions where the Corporation has limited experience. This risk could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Corporation is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Corporation that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Corporation to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Corporation to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Corporation from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Corporation, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Corporation's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Corporation's operations, any of which could have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Information Technology Systems, Cyber-Attacks and Security Breaches

The Corporation's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology ("IT") systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Corporation's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. Given the nature of the Corporation's products and its lack of legal availability outside of channels approved by the government of the United States, as well as the concentration of inventory in its facilities, there remains a risk of shrinkage as well as theft.

If there was a breach in security and the Corporation fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment or if there was a failure of information systems or a component of information systems, it could, depending on the nature of any such breach or failure, adversely impact the Corporation's reputation, business continuity and results of operations. A security breach at one of the Corporation's facilities could expose the Corporation to

additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Corporation's products.

In addition, the Corporation collects and stores personal information about its customers and patients and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Website Accessibility

Internet websites are visible by people everywhere, not just in jurisdictions where the activities described therein are considered legal. As a result, to the extent the Corporation sells services or products via web-based links targeting only jurisdictions in which such sales or services are compliant with State law, the Corporation may face legal action in other jurisdictions which are not the intended object of any of the Corporation's marketing efforts for engaging in any web-based activity that results in sales into such jurisdictions deemed illegal under applicable laws.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol ("**CBD**") and tetrahydrocannabinol ("**THC**") remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Corporation believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of Subordinate Voting Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Circular or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Corporation's products with the potential to lead to a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall.

The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation.

Reliance on Third Parties

The Corporation relies on third parties to supply the materials and complete research and development for the product candidates. The Corporation cannot provide assurance that the supply of research and development, pre-clinical and clinical development drugs and other materials will not be limited, interrupted, restricted in certain geographic regions, be of satisfactory quality or be delivered in a timely manner. For the purposes of conducting clinical human trials, the constituent products of the Combination Therapy must be produced by a Good Manufacturing Practices ("**GMP**") manufacturer. If the Corporation is unable to obtain constituent parts of the Combination Therapy produced by a GMP manufacturer, the Corporation may be prevented from conducting or completing clinical trials, which would have a material adverse effect on the business, operations and financial condition of the Corporation.

Manufacturers of therapeutic products and their facilities are subject to review and periodic inspections by the FDA, the European Medicines Agency and other comparable regulatory authorities for compliance with regulations. Manufacturers of controlled substances must obtain and maintain necessary and state registrations and registrations with applicable foreign regulatory authorities. Manufacturers of controlled substances must establish and maintain processes to ensure compliance with DEA and state registrations and requirements of applicable foreign regulatory authorities governing the storage, handling, security, record keeping and reporting for controlled substances. If there are issues with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or the Corporation, including requiring a recall or withdrawal of the product from the market or the suspension of manufacturing. The occurrence of problems with a manufacturing facility may inhibit the Corporation's ability to commercialize the product candidates and may otherwise have a material adverse effect on the business, financial condition and results of operations.

Reliance on Regulatory Approval

The Corporation's ability to successfully produce the product candidates is dependent on extensive ongoing regulatory compliance and reporting requirements by the DEA, FDA, European Medicines Agency, Health Canada and other foreign regulatory authorities ("**Reporting Requirements**"). Failure to comply with the requirements and terms of the Reporting Requirements could have a material adverse impact on the business, financial condition and operating results of the Corporation. There is no assurance that continuous regulatory approval will be given for the product candidates. Should regulatory approval not be continued, the business, financial condition and operating results of the Corporation would be materially adversely affected.

Even if the Corporation receives regulatory approval for its product candidates, this approval may carry conditions that limit the market for the products or put the products at a competitive disadvantage relative to alternative therapies. For instance, regulatory approval may limit the indicated uses for which the Corporation can market a product or the patient population that may utilize the product, or may be required to carry a warning on its packaging. Once a product candidate is approved, the Corporation remains subject to continuing regulatory obligations, such as safety reporting requirements and additional post-marketing obligations, including regulatory oversight of promotion and marketing.

Reliance on Pre-clinical Testing and Clinical Trials

Prior to obtaining regulatory approval for the sale of the product candidates, the Corporation must conduct pre-clinical testing and clinical trials. The results of the pre-clinical testing and clinical trials are uncertain and a product candidate may fail at any stage of clinical development. The historic failure rate for product candidates is high due to scientific feasibility, safety, efficacy, changing standards of medical care and other variables.

If the Corporation does not successfully complete pre-clinical and clinical development, it will be unable to market and sell products derived from its product candidates and generate revenues. Even if clinical trials are successfully completed, those results are not necessarily predictive of results of additional trials that may be needed before a new drug application may be submitted to the FDA.

The testing process may take several years and may include post-marketing studies and surveillance, which would require the expenditure of substantial resources. The Corporation cannot assure that pre-clinical or clinical trials will begin or be completed on schedule, as the commencement and completion of clinical trials can be delayed for various reasons.

A clinical trial may be suspended or terminated by the Corporation, the FDA, the Institutional Review Board of Directors, ethics committees, data safety monitoring boards or other foreign or United States regulatory authorities overseeing the clinical trial at issue due to a number of factors, including, among others: failure to conduct the clinical trial in accordance with regulatory requirements; inspection of clinical trial sites by regulatory authorities which requires corrective action by the Corporation, including the imposition of a clinical hold; unforeseen safety issues; adverse side effects or lack of effectiveness of the product candidates; or changes in government regulations or administrative actions.

Pre-clinical or clinical trials may also be delayed, suspended or terminated due to a lack of effectiveness of product candidates during clinical studies; adverse events, safety issues or side effects relating to the product candidates or their formulation; inability to raise additional capital in sufficient amounts to continue clinical trials or development programs; the need to sequence clinical studies as opposed to conducting them concomitantly in order to conserve resources; the Corporation's inability to enter into collaborations relating to the development and commercialization of product candidates; failure by the Corporation or its collaborators to conduct clinical trials in accordance with regulatory requirements; the Corporation's inability, or the inability of its collaborators, to manufacture or obtain from third parties materials sufficient for use in pre-clinical and clinical studies; governmental or regulatory delays and changes in regulatory requirements, policy and guidelines, including mandated changes in the scope or design of clinical trials or requests for supplemental information with respect to clinical trial results; failure of the Corporation's collaborators to advance its product candidates through clinical development; delays in patient enrolment, variability in the number and types of patients available for clinical studies, and lower-than anticipated retention rates for patients in clinical trials; difficulty in patient monitoring and data collection due to failure of patients to maintain contact after treatment; a regional disturbance where the Corporation or its collaborative partners are enrolling patients in the Corporation's clinical trials, such as a pandemic, terrorist activities or war, or a natural disaster; or varying interpretations of data by the FDA and similar foreign regulatory agencies.

There is also the risk of a delay in the project due to the unavailability of the pharmaceutical components of the drug regimen or the willingness or availability of test subjects. The components of the drug regimen are experimental drugs which have limited manufacturers. These drug components may be or become unavailable. The drugs are also derivatives of cannabis and are subject to strict regulatory controls which could also impact or interfere with the Corporation's ability to obtain a supply of the drugs for its testing program.

Reliance on Third Parties for Pre-clinical and Clinical Trials

The Corporation relies on contract research organizations, particularly the University, clinical data management organizations and consultants to design, conduct, supervise and monitor pre-clinical studies due to a lack of internal resources to perform these functions. Outsourcing these functions involves the risk that third party providers may not perform to the Corporation's standards, may not produce results in a timely manner or may fail to perform at all. If any contract research organization fails to comply with applicable regulatory requirements, the data generated in the clinical trial may be deemed unreliable to regulatory authorities. Additional clinical trials may be required before approval of marketing applications will be given. The Corporation cannot provide assurance that all third party providers will meet the regulatory requirements for clinical trials. Failure of third party providers to meet regulatory requirements could result in the termination or repetition of pre-clinical and clinical trials, which would delay the regulatory approval process. Reliance on third party providers could result in a material adverse effect on the Corporation's costs and results of operations.

Vulnerability of Results of Planned Clinical Trials

The results of the Corporation's pre-clinical testing may not necessarily be predictive of the results from the planned additional clinical trials in humans. The Corporation may encounter significant setbacks in clinical trials after achieving positive results in pre-clinical and early clinical development. Significant setbacks can be caused by, among other things, pre-clinical findings made while clinical trials are underway or safety, or efficacy observations made during clinical trials, including adverse events. Pre-clinical and clinical data is susceptible to varying interpretations and analyses. There is the potential that product candidates that performed satisfactorily in pre-clinical studies and clinical trials fail to obtain FDA and European Medicines Agency approval. Failure to produce positive results in clinical trials of the product candidates could result in a material adverse effect to the development timeline, regulatory approval, commercialization prospects and business and financial prospects of the Corporation.

No Dividends

Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on financial results, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. As a result, investors may not receive any return on an investment in the Common Shares unless they sell their shares of the Corporation for a price greater than that which such investors paid for them. The Corporation has no earnings or dividend record and may not pay any dividends on its Shares in the foreseeable future. Dividends paid by the Corporation could be subject to tax and, potentially, withholdings. The Corporation plans to reinvest the profits of its investments, if any, to further the growth and development of the Corporation instead of paying dividends.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than set out below, the Corporation is not a party to any legal proceedings or regulatory actions and is not aware of any such proceedings being contemplated.

An application was filed with the Superior Court of Quebec, district Montreal, on December 21, 2018, to institute a class action claim relating to the contravention of the *Securities Act* (Quebec). The applicants to the application include Matthew Ranger and Caroline Munro. The defendants to the application include Aphria Inc., Sol Global Investments Corp., Victor Neufeld, Cole Cacciavillani, John Cervini, Carl Merton and Andrew DeFrancesco. The amount of the claim is undetermined at this time. The application has been filed but the proceeding has not yet progressed because the application has not been served to the defendants.

The Corporation and its Chief Investment Officer, Andrew DeFrancesco, together with Aphria Inc., Victor Neufeld, Carl Merton, Cole Cacciavillani, and John Cervini, were named as defendants in an action captioned *In re Aphria Securities Litigation* in the U.S. District Court for the Southern District of New York. The lead plaintiffs, Shawn P. Cunix and Elizabeth Alexander, represent a putative class of those who

purchased Aphria securities between July 17, 2018 and April 12, 2019. The plaintiffs allege that the defendants violated U.S. securities laws—specifically sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5(b)—by making or causing to be made misstatements and omissions about the value and condition of certain assets purchased by Aphria during 2018. Mr. DeFrancesco has been served and is contesting the action. The Corporation has not been served and has not yet appeared in the action. The defendants who have appeared are expected to file motions to dismiss the amended complaint on September 27, 2019. Discovery is stayed pending resolution of any such motions.

A Notice of Action was filed with the Ontario Superior Court of Justice on December 12, 2018. The plaintiff, Allan D'Souza, brought a securities class action against the defendants, Aphria Inc., SOL Global Investments Corp., Victor Neufeld, Cole Cacciavillani, John Cervini, Carl Merton, and Andy DeFrancesco. The claim has been discontinued.

Within the most recently completed financial year, there were: (i) no penalties or sanctions imposed against the Corporation or any subsidiary by a court relating to securities legislation or by a securities regulatory authority; and (ii) no settlement agreements that the Corporation or any subsidiary entered into with a court relating to securities legislation or with a securities regulatory authority. In addition, there are no other penalties or sanctions imposed by a court or regulatory body against the Corporation or any subsidiary that would likely be considered important to a reasonable investor in making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out below, no director or executive officer of the Corporation or any person or Corporation that is the director or indirect beneficial owners of, or who exercises control or direction over, more than 10 percent of any class of the Corporation's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction within the three years before the date of this Circular, or in any proposed transaction, that has materially affected or will materially affect the Corporation or a subsidiary of the Corporation.

On July 5, 2019, the Corporation issued a 6.00% Senior Secured Non-Convertible Debenture to an arm's length institutional investor in the amount of \$50,000,000 (the "**Debenture**"). A senior executive officer and director of the Corporation and certain other shareholders provided personal guarantees for the Debenture. The Corporation did not compensate the guarantors for providing such guarantees or assumed or otherwise became subject to any liabilities of the guarantors in connection with them providing the guarantees. The senior executive officer and director disclosed his interest in the transaction as a result of the guarantee and did not participate in the board of directors' deliberations relating to the delivery of such guarantee and did not vote on the resolutions approving the transaction. The provision of these guarantees by the senior executive officer and director and by the other guarantors did not constitute "related party transactions" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Dale Matheson Carr-Hilton Labonte LLP is the independent auditor of the Corporation and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. The Corporation appointed Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, as its auditor, effective July 10, 2019. The offices of Dale Matheson Carr-Hilton Labonte LLP are located at 1500 - 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1.

The registrar and transfer agent for the Common Shares is TSX Trust Company. The officers of the TMX Trust Company are located at 301-100 Adelaide Street West, Toronto, ON, M5H 4H1.

MATERIAL CONTRACTS

The following are the material contracts entered into by the Corporation or a subsidiary of the Corporation within the two years prior to the date hereof:

Material Contract	Details	Date
R&D Agreement	Pursuant to a collaborative research agreement between the Corporation and the University of Miami dated July 25, 2016 and subsequently amended on February 10, 2017 and further amended on October 6, 2017, the University, through its "UConcussion Treatment & Management Program", conducts and coordinates the Corporation's research activities, including pre-clinical and clinical trials for Combination Therapy.	July 25, 2016, as amended February 10, 2017 and further amended October 6, 2017
Underwriting Agreement	The underwriting agreement between the Corporation, Clarus Securities Inc., Haywood Securities Inc. and INFOR Financial Inc. whereby Clarus, Haywood and INFOR agreed to act as underwriters pursuant to the Prospectus Offering.	January 23, 2018
Warrant Indenture	The warrant indenture between the Corporation and TSX Trust Company, as the warrant agent, for the issue of warrants under the February 2018 Offerings. Each warrant entitles the holder to purchase one common share at a price of \$22.00 per common share for a period of 24 months.	February 13, 2018
Letter of Intent to Acquire Marigold	The binding letter of intent between the Corporation, Marigold and the shareholders of Marigold providing for the Corporation's proposed acquisition of all of the issued and outstanding common shares of Marigold. In consideration, the Corporation issued 1,500,000 common shares at a price per share of \$23.00 to the sellers of Marigold.	March 20, 2018, as amended July 11, 2018
Letter of Intent to Acquire MMJ Colombia	The binding letter of intent between, among others, the Corporation and MMJ Colombia providing for the proposed Corporation's acquisition of all of the issued and outstanding common shares of MMJ Colombia.	April 8, 2018, as amended July 31, 2018
Business Combination Agreement	The business combination agreement between the Corporation, MMJ Argentina and LATAM Holdings Inc. (formerly 1162269 B.C. Ltd.) relating to the acquisition of MMJ Argentina by way of a three-cornered amalgamation between MMJ Argentina and LATAM Holdings Inc. In consideration, the Corporation issued an aggregate of 6,176,320 common shares of the Corporation to the sellers of MMJ Argentina.	May 11, 2018
Share Purchase Agreement	The share purchase agreement between the Corporation and Aphria Inc. relating to the sale to Aphria of 100% of the issued and outstanding common shares of LATAM Holdings Inc., a direct, wholly-owned subsidiary of the Corporation that held previously acquired ownership licenses of other assets held through subsidiaries in Argentina, Colombia and Jamaica.	July 17, 2018
Letter of Intent to Acquire Brazil Investments Inc.	The binding letter of intent between the Corporation and Brazil Investments Inc. providing for the Corporation's proposed acquisition of 15% of the issued and outstanding common shares of Brazil Investments Inc.	July 22, 2018
Letter of Intent to Acquire CannCure	The binding letter of intent between the Corporation, CannCure and the shareholders of CannCure providing for the Corporation's	July 25, 2018

Material Contract	Details	Date
	acquisition of 70% of the issued and outstanding common shares of CannCure for the purchase price of \$136,500,000.	
Share Purchase Agreement	A share purchase agreement between, among others, the Corporation and MMJ Colombia Partners under which the Corporation purchased all issued and outstanding shares in the capital of MMJ Colombia Partners Inc.	August 24, 2018
Share Purchase Agreement	A share purchase agreement between the Corporation, Marigold and the selling shareholders of Marigold under which the Corporation purchased all the issued and outstanding common shares of Marigold.	September 13, 2018
Share Purchase Agreement	A share purchase agreement between the Corporation, LATAM Holdings Inc., MMJ Argentina and all of the shareholders of MMJ Argentina, pursuant to which the Corporation, through LATAM, purchased all the issued and outstanding common shares of MMJ Argentina and in consideration, the shareholders of MMJ Argentina received common share in the Corporation. Such share purchase agreement superseded the business combination agreement dated May 11, 2018.	September 20, 2018, as amended
Share Purchase Agreement	A share purchase agreement between the Corporation, and all of the shareholders of CannCure Investments Inc. to acquire 100% of the issued and outstanding common shares of CannCure.	October 22, 2018
Membership Interest Contribution Agreement	A contribution agreement between the Corporation and Verano, under which the Corporation will sell and convey its entire interest in 3 Boys Farms to Verano in exchange for US\$100 million cash and class B units in Verano.	October 22, 2018
Amended and Restated Share Purchase Agreement	An amended and restated share purchase agreement between the Corporation, CannCure Investments Inc. and all the shareholders of CannCure Investments Inc. to acquire 100% of the issued and outstanding common shares of CannCure.	April 1, 2019
Letter of Intent to acquire interest in MCP Wellness	A letter of intent to acquire all of the issued and outstanding limited liability company interests in MCP Wellness for an aggregate purchase price of US\$150 million.	April 24, 2019
Letter of Intent to acquire Northern Emeralds	A letter of intent between the Corporation and ECD Inc. operating as Northern Emerald where the Corporation proposes to acquire either all assets or all issued and outstanding shares of Northern Emeralds for an aggregate purchase price of US\$120 million less certain adjustments.	May 16, 2019
Letter of Intent to acquire dispensaries from Three Habitat Consulting Holdco Inc.	The letter of intent between the Corporation and Three Habitat, pursuant to which the Corporation would acquire six licensed dispensary companies in California for an aggregate purchase price of US\$17 million, subject to adjustment based on the achievement of certain post-closing milestones plus future earn-out based on achieving certain post-closing milestones.	May 16, 2019
Letter of Intent between Goldstream and CannCure Investments	The letter of intent between Goldstream Minerals Inc. and CannCure Investments Inc. pursuant to which Goldstream and CannCure would effect a business combination that would result in a reverse takeover of Goldstream by the shareholders of CannCure.	May 29, 2019

Material Contract	Details	Date
Senior Secured Non-Convertible Debenture	A private placement financing by way of the issue of a senior secured non-convertible debenture by the Corporation to an arm's length institutional investor in the amount of \$50,000,000.	July 5, 2019

INTERESTS OF EXPERTS

Certain financial statements incorporated by reference in this document have been audited by the Corporation's auditors, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants. Dale Matheson Carr-Hilton LaBonte LLP has confirmed that it is independent of the Corporation in accordance with the relevant rules and related interpretation prescribed by the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

Financial information is provided in the Corporation's interim unaudited financial statements and management's discussion and analysis for the three-month periods ended June 30, 2019 and 2018, and the audited annual financial statements and management's discussion and analysis as at and for the years ended March 31, 2019 and 2018.

REPORTING REQUIREMENTS

The Corporation is a reporting issuer in Ontario, Alberta and British Columbia. It is subject to continuous reporting and disclosure requirements prescribed by such legislation.

Appendix "I"

Charter of the Audit Committee of the Board of Directors

Name

There shall be a committee of the board of directors (the "**Board**") of SOL Global Investments Corp. (the "Company") known as the Audit Committee (the "**Committee**").

Purpose

The Committee has been established to assist the Board in fulfilling its oversight responsibilities and fiduciary obligations. The primary functions and areas of responsibility of the Committee are to:

- review, report and provide recommendations to the Board on the annual and interim consolidated financial statements and related Management's Discussion and Analysis ("**MD&A**");
- identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- make recommendations to the Board regarding the appointment, terms of engagement and compensation of the external auditor;
- monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- resolve disagreements between management and the external auditor regarding financial reporting;
- receive the report of the external auditors, who must report directly to the Committee; and
- provide an avenue of communication among the Company's external auditors, management, and the Board.

Composition and Qualifications

All Committee members shall meet all applicable requirements prescribed under the *Business Corporations Act* (Ontario), as well as any requirements or guidelines prescribed from time to time under applicable securities legislation, including National Instrument 52-110 ("NI 52-110") as amended, restated or superseded. The Committee shall be comprised of not less than three directors as determined from time to time by the Board. Subject to certain exceptions enumerated in NI 52-110, each member shall be an independent director who is free from any direct or indirect relationship that would, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. While it is not necessary for members to have a comprehensive knowledge of generally accepted accounting principles and standards, all members of the Committee shall be "financially literate" so as to be able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the issues raised by the Company's financial statements. A director who is not financially literate may be appointed to the Committee by the Board provided that such director becomes financially literate within a reasonable period following his or her appointment, and provided that the Board has determined that such appointment will not materially adversely affect the ability of the Committee to act independently.

Committee members shall be appointed by the Board. The Board shall designate the Chair of the Committee. If a Chair is not designated or present at any meeting, the members of the Committee may designate a Chair by majority vote. The Chair shall have responsibility for ensuring that the Committee fulfills its mandate and duties effectively.

Each member of the Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board may fill a vacancy at any time.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate, and at least once in each fiscal quarter. A notification for each of the meetings shall be disseminated to Committee members two days prior to each meeting. A majority of the members of the Committee shall constitute a quorum for meetings.

An agenda shall be prepared by the Chair of the Committee as far in advance of each meeting as reasonably practicable. Minutes of all meetings of the Committee shall be prepared as soon as possible following the meeting and submitted for approval at or prior to the next following meeting.

The Committee should meet privately at least once per year with management of the Company, the Company's external auditors, and as a committee to discuss any matters that the Committee or any of these groups believe should be discussed.

Specific Responsibilities and Duties

Specific responsibilities and duties of the Committee shall include, without limitation, the following:

General Review Procedures

- 1 Review and reassess the adequacy of this Charter at least annually and submit any proposed amendments to the Board for approval.
- 2 Review the Company's annual audited financial statements, related MD&A, and other documents prior to filing or distribution of such documents or issuing a press release in respect of the financial statements and MD&A. Review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments.
- 3 Annually, in consultation with management and external auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the external auditors and the internal auditing department together with management's responses.
- 4 Review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Committee's views to the Board of Directors.

Review with financial management and the external auditors the Company's quarterly financial results, related MD&A and other documents prior to the filing or distribution of such documents or issuing a press release in respect of the financial statements and MD&A. Discuss any significant changes to the Company's accounting principles. The Chair of the Committee may represent the entire Committee for purposes of this review.

External Auditors

- 5 The external auditors are ultimately accountable to the Committee, as representatives of the shareholders. The external auditors must report directly to the Committee, who shall review the independence and performance of the auditors and annually recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant. The Committee shall approve the compensation of the external auditors.
- 6 The Committee must approve all non-audit and non-tax services to be provided to the Company or its subsidiary entities.

- 7 On an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence.
- 8 Review the external auditors' audit plan and discuss and approve the audit scope, staffing, locations, reliance upon management, and general audit approach.
- 9 Prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss any matters that are required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
- 10 Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.
- 11 Legal Compliance
- 12 On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

Other Miscellaneous Responsibilities

- 13 Annually assess the effectiveness of the Committee against its mandate and report the results of the assessment to the Board.
- 14 Prepare and disclose a summary of the mandate to shareholders.
- 15 Perform any other activities consistent with this mandate, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

Authority

The Committee shall have the authority to:

- 1 Delegate approval-granting authority to pre-approve non-audit services by the external auditor to one or more of its members.
- 2 Engage independent counsel and other advisors as it determines necessary to carry out its duties.
- 3 Set and pay the compensation for any advisors employed by the Committee.
- 4 Communicate directly with the external auditors.

Reporting

The Committee shall report its deliberations and discussions regularly to the Board and shall submit to the Board the minutes of its meetings.

Resources

The Committee shall have full and unrestricted access to all of the Company's books, records, facilities and personnel as well as the Company's external auditors and shall have the authority, in its sole discretion, to conduct any investigation appropriate to fulfilling its responsibilities. The Committee shall further have the authority to retain, at the Company's expense, such special legal, accounting or other consultants or experts as it deems necessary in the performance of its duties and to request any officer or employee of the Company or the Company's external counsel or auditors to attend a meeting of the Committee.

Limitation on the Oversight Role of the Committee

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the information provided to the Company by such persons or organizations.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations, each of which is the responsibility of management and the Company's external auditors.

Appendix "II"
Financial Statements

[SEE ATTACHED]



SOL Global Investments Corp.

(Formerly Scythian Biosciences Corp.)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month periods ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

NOTE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The management of SOL Global Investments Corp. is responsible for the preparation of the accompanying unaudited condensed interim financial statements ("Financial Statements"). These Financial Statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the financial position, operating results and cash flows of the Company.

The Company's independent auditor has not performed a review of these Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor. These Financial Statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Unaudited Interim Condensed Statements of Financial Position

Expressed in Canadian Dollars

As at	Notes	June 30, 2019	March 31, 2019 (audited)
		\$	\$
ASSETS			
Cash		5,134,557	10,044,474
Other receivables	6	8,213,604	1,567,810
Prepaid expenses	5	1,577,071	1,101,709
Investments	4	190,853,140	182,422,020
Convertible debenture	4	11,631,216	1,400,000
Promissory note receivable	4	268,926	26,430,183
Deferred tax asset	13	1,107,108	1,107,108
Total assets		218,785,622	224,073,304
LIABILITIES			
Accounts payable and accrued liabilities	17	12,142,861	12,288,755
Deferred share unit liability	10	11,371,009	4,955,861
Income tax payable	13	14,565,000	14,565,000
Deferred tax liability	13	2,305,000	2,305,000
Promissory note payable	14	6,836,293	-
Lease obligation	15	201,874	218,741
Trading overdraft account		-	583,505
Total liabilities		47,422,037	34,916,862
SHAREHOLDERS' EQUITY			
Capital stock	7, 9, 11	142,623,265	117,100,041
Contributed surplus	8, 9	10,092,943	9,924,108
Retained earnings		18,647,377	62,132,293
Total shareholders' equity		171,363,585	189,156,442
Total liabilities and shareholders' equity		218,785,622	224,073,304

The accompanying notes are an integral part of the unaudited interim condensed financial statements.

Nature and Continuance of Operations (note 1), Commitments and Contingencies (note 15) and Subsequent Events (note 20)

On behalf of the Board, on August 29, 2019:

/s/ Roger Rai
Director

/s/ Brady Cobb
Director

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Unaudited Interim Condensed Statements of Income/Loss and Comprehensive Income/Loss

Expressed in Canadian Dollars

For the three-months ended June 30,

	Note	2019 \$	2018 \$
Income (loss) from investments			
Realized/Unrealized (loss) gain on investments	4	(33,479,100)	178,448
Interest and other income	4	887,870	102,889
Total (loss) income from investments		(32,591,230)	281,337
Expenses			
Change in fair value of deferred share units	10	4,478,168	(3,004)
Share-based compensation	8,10	2,364,602	585,558
Professional fees		1,847,353	681,410
Transaction costs		730,164	-
General and administrative		707,843	1,077,354
Salaries and consulting fees	17	700,113	133,212
Foreign exchange (gain) loss		65,443	(158,652)
Research and development		-	913,628
Total expenses		10,893,686	3,229,506
Net Loss before income taxes		(43,484,916)	(2,948,169)
Net Loss from continuing operations		(43,484,916)	(2,948,169)
Net income from discontinued operations		-	10,505
Net loss and comprehensive loss		(43,484,916)	(2,937,664)
(Loss) / Income per common share, basic			
- Continuing operations	16	(0.81)	(0.13)
- Discontinued operations		-	-
Loss per share, basic		(0.81)	(0.13)
(Loss) / Income per common share, diluted			
- Continuing operations	16	(0.81)	(0.13)
- Discontinued operations		-	-
Net loss per share, diluted		(0.81)	(0.13)
Weighted average number of shares – basic	16	53,763,434	23,429,045
Weighted average number of shares – diluted	16	53,763,434	23,429,045

The accompanying notes are an integral part of the unaudited interim condensed financial statements.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Unaudited Interim Condensed Statements of Shareholders' Equity

Expressed in Canadian Dollars

	Note	Number of Common Shares	Share Capital \$	Contributed Surplus \$	Retained Earnings (Deficit) \$	Total \$
Balance, April 1, 2018		28,533,588	52,116,837	9,601,674	(32,853,372)	28,865,139
Shares issued on exercise of options	8	250,000	247,913	(235,413)	-	12,500
Shares issued on exercise of warrants	9	800,000	1,649,945	(1,249,945)	-	400,000
Share-based compensation		-	-	410,835	-	410,835
Net loss and comprehensive loss		-	-	-	(2,937,664)	(2,937,664)
Balance, June 30, 2018		29,583,588	54,014,695	8,527,151	(35,791,036)	26,750,810
Balance, April 1, 2019		47,009,520	117,100,041	9,924,108	62,132,293	189,156,442
Shares issued on exercise of warrants	9	302,236	863,249	(258,786)	-	604,463
Shares issued to purchase CannCure Investments Inc.	11	7,317,500	24,659,975	-	-	24,659,975
Share-based compensation		-	-	427,621	-	427,621
Net loss and comprehensive loss		-	-	-	(43,484,916)	(43,484,916)
Balance, June 30, 2019		54,629,256	142,623,265	10,092,943	18,647,377	171,363,585

The accompanying notes are an integral part of the unaudited interim condensed financial statements.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Unaudited Interim Condensed Statements of Cash Flows

Expressed in Canadian Dollars (Unaudited)

For the three-months ended June 30,

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Net loss from continuing operations	(43,484,916)	(2,948,169)
Net income from discontinued operations	-	10,505
Items not affecting cash:		
Realized/unrealized loss/(gain) on investments	33,403,980	(178,448)
Change in value of deferred share units	4,478,168	(3,004)
Share-based compensation	2,364,602	585,558
Change in lease liability	(16,867)	-
Forfeiture of deferred share units	-	(1,692,604)
Issuance of notes receivable	-	(747,021)
Purchase of investments	(36,598,343)	(2,000,000)
Proceeds of disposition of equity securities	14,357,317	-
Purchase of convertible debentures	(3,664,034)	-
Changes in non-cash working capital:		
Prepaid expenses	(475,362)	(946,060)
Other receivables	(6,645,794)	(12,187)
Accounts payable and accrued liabilities	(145,894)	(218,793)
Promissory note payable	6,836,293	
Cash flows used in operating activities	(29,590,850)	(8,150,223)
INVESTING ACTIVITIES		
Shares issued on acquisition of CannCure Investments Inc.	24,659,975	
Proceeds of disposition of guaranteed investment certificates	-	11,241,836
Cash flows provided by investing activities	24,659,975	11,241,836
FINANCING ACTIVITIES		
Increase in trading overdraft account	(583,505)	-
Proceeds from the exercise of warrants	604,463	400,000
Proceeds from the exercise of options	-	12,500
Net cash provided by financing activities	20,958	412,500
Net change in cash during the period	(4,909,917)	3,504,113
Cash, beginning of period	10,044,474	822,397
Cash, end of period	5,134,557	4,326,510

The accompanying notes are an integral part of the unaudited interim condensed financial statements.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Unaudited Interim Condensed Financial Statements

For the three-months ended June 30, 2019 and 2018

Expressed in Canadian Dollars

1. NATURE AND CONTINUANCE OF OPERATIONS

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.) (the “Company”) was incorporated under the laws of the Province of Ontario, Canada on January 28, 2005. The common shares of the Company are listed on the Canadian Securities Exchange under the symbol “SOL”, the OTCBK in the United States of America under the symbol “SOLCF”, and on the Frankfurt Exchange under the symbol “9SB”. The Company is an international investment company with a focus on investing in cannabis and cannabis related companies in legal U.S. states, the hemp and CBD marketplaces and the emerging European cannabis and hemp marketplaces with an objective of providing shareholders with a long term return through capital appreciation, dividends and interest from its investments. If the Company believes there is a strategic reason to do so, it may also invest in companies not in the cannabis sector.

The Company’s registered office and principal place of business is 5600-100 King Street West, Toronto, ON, Canada, M5X 1C9. The financial Statements were approved by the Board of Directors and authorized for issuance on August 29, 2019.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), as applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These Financial Statements should be read in conjunction with the Company’s audited financial statements as at and for the years ended March 31, 2019 and 2018, which were prepared in accordance with IFRS as applicable for the annual financial statements. These Financial Statements have been prepared on a going concern basis, which assumes the Company will continue its operations for the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of business operations. These Financial Statements are presented in Canadian dollars, which is the Company’s functional and reporting currency.

These Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. In addition, these financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value, as explained in the accounting policies set out in Note 3 of the Company’s annual financial statements for the years ended March 31, 2019 and 2018.

The following criteria within IFRS 10, Financial Statements (“IFRS 10”), were assessed by the Company to determine whether it qualifies as an investment entity, as defined within IFRS 10 does the Company: (a) obtain funds from one or more investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measure and evaluate the performance of substantially all its investments on a fair value basis. As at August 1, 2018, the Company determined that it met the definition of an investment entity. As a result of this classification, effective August 1, 2018, the Company de-consolidated its subsidiaries and recognized the interests held as financial instruments classified at Fair Value through Profit and Loss.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Unaudited Interim Condensed Financial Statements

For the three-months ended June 30, 2019 and 2018

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES

Use of Judgement, Estimates and Assumptions

The preparation of these Financial Statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. Judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and related disclosure. Estimates are based on various assumptions that the Company believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net earnings or loss that are not apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates. Certain areas of significant judgement include: the valuation of private company investments, the assessment of impairment of the Company's investments, the assessment as to whether significant influence exists over the Company's investments, the estimation of deferred income tax payable and the value of warrants and options.

New Accounting Policies Adopted

In January 2016, the IASB issued IFRS 16: Leases which replaces IAS 17: Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has adopted IFRS 16 and the adoption had no material impact on the financial statement as the Company had already accrued the full amount payable under a lease of office premises as a lease liability due to the fact that the Company is not using its premises. The Company's lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing which was determined to be 5.95% per annum for similar assets.

Comparative Figures

Certain comparative figures have been reclassified in order to conform to the current period's presentation.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Unaudited Interim Condensed Financial Statements

For the three-months ended June 30, 2019 and 2018

Expressed in Canadian Dollars

4. INVESTMENTS, FAIR VALUE MEASUREMENT

Fair value measurements are based on a three-level fair value hierarchy, based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Investments consisted of the following at June 30, 2019:

Financial assets measured at fair value	Cost	Level 1	Level 2	Level 3	Total Fair Value
Common shares	224,332,240	15,155,102	-	174,233,529	189,388,631
Convertible debentures	5,264,034	-	-	11,631,216	11,631,216
Warrants	-	-	-	1,464,509	1,464,509
Promissory Note	268,926	-	-	268,926	268,926
	229,865,200	15,155,102	-	187,598,180	202,753,282

Investments consisted of the following at March 31, 2019:

Financial assets measured at fair value	Cost	Level 1	Level 2	Level 3	Total Fair Value
Common shares	173,338,052	32,788,159	-	149,461,444	182,249,603
Promissory note	25,656,960	-	-	26,430,183	26,430,183
Convertible debentures	1,600,000	-	-	1,400,000	1,400,000
Warrants	-	-	-	172,417	172,417
	200,595,012	32,788,159	-	177,464,044	210,252,203

Change in level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the three-month period ended June 30, 2019.

	Private equities	Convertible debentures	Promissory note	Warrants	Total Fair Value
Balance, April 1, 2018	-	-	-	-	-
Purchases	142,209,613	1,600,000	25,656,950	-	169,466,563
Unrealized gains (losses)	7,251,831	(200,000)	773,233	172,417	7,997,481
Balance, April 1, 2019	149,461,444	1,400,000	26,430,183	172,417	177,464,044
Purchases	56,415,494	3,664,034	268,926	-	60,348,454
Unrealized gains (losses)	(31,643,409)	6,567,182	-	1,292,092	(23,784,135)
CannCure Investments Inc. Acquisition	-	-	(26,430,183)	-	(26,430,183)
Balance, June 30, 2019	174,233,529	11,631,216	268,926	1,464,509	187,598,180

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Unaudited Interim Condensed Financial Statements

For the three-months ended June 30, 2019 and 2018

Expressed in Canadian Dollars

4. INVESTMENTS, FAIR VALUE MEASUREMENT (Continued)

Significant unobservable inputs

The key assumptions the Company used in the valuation of level 3 investments include, but are not limited to, the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

	Fair value as at June 30, 2019	Fair value as at March 31, 2019	Range of Input	Valuation technique	Unobservable inputs
Private equities	174,233,529	149,461,444	N/A	Recent financings and trends in comparable companies	Period-end transaction prices
Promissory note	268,926	26,430,183	10%	Discounted cash flow method	Discount rate
Convertible debentures	11,631,216	1,400,000	42% - 175% 20% - 21%	Black-Scholes Option Pricing and effective interest rate	Expected volatility Discount rate
Warrants	1,464,509	172,417	143.26% – 174.09%	Black-Scholes Option Pricing	Expected volatility
Total	187,598,180	177,464,044			

For the Level 3 investments, the inputs used can be highly judgmental. A 10% change in the assumptions would result in a corresponding \$18,759,818 change to the total fair value of Level 3 investments. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

Financial assets

	June 30, 2019	March 31, 2019
	\$	\$
Investments		
Common shares, in public and private companies	189,388,631	182,249,603
Common share purchase warrants, in public companies	1,464,509	172,417
Total Investments	190,853,140	182,422,020
Convertible debentures, in public companies	11,631,216	1,400,000
Promissory notes, in private companies	268,926	26,430,183

As at June 30, 2019, the fair value of the Company's investments in cannabis and related investments in the United States of America totalled \$77,997,057 (March 31, 2019: \$132,914,173). The fair value of non-United States of America cannabis, cannabis related investments and non-cannabis investments \$112,856,083 (March 31, 2019: \$49,507,847).

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Unaudited Interim Condensed Financial Statements

For the three-months ended June 30, 2019 and 2018

Expressed in Canadian Dollars

4. INVESTMENTS, FAIR VALUE MEASUREMENT (Continued)

Investments

The Company's investments totalling \$190,853,140 (March 31, 2019: \$182,422,020) include both common shares in public companies, common shares in private companies and common share purchase warrants of public companies. The Company values its common shares of public companies at price quotations in active markets. The Company values its common shares in private companies based on various factors including, but not limited to, present market conditions, values of comparable companies, internal or external valuations, prices of recent financings by the private company, and the like. Common share purchase warrants are valued using the Black-Scholes option pricing model. The following are the assumptions used in valuing the common share purchase warrants:

	June 30, 2019	March 31, 2019
Expected volatility	123.47% - 174.60%	143.26%
Risk-free interest rate	1.38% - 1.43%	1.54%
Expected life (in years)	1.85 - 2.00	2.10
Expected dividend yield	0.0%	0.0%
Underlying share price	\$1.06 - \$3.30	\$1.59

Promissory Notes

As of June 30, 2019, a total of \$268,926 (March 31, 2019: \$26,430,183) was held in promissory notes that were due from private companies. During the year ended March 31, 2019, the Company advanced \$25,656,960 (US\$19,200,000) under promissory note bearing interests at 10% per annum to CannCure Investments Inc. ("CannCure") to assist CannCure in closing their 100% acquisition of 3 Boys Farms, LLC ("3 Boys"). This amount was advanced after the Company had agreed to acquire CannCure's 100% interest in 3 Boys. Upon the Company acquiring CannCure, which occurred during the three-month period ended June 30, 2019, the amount of this promissory note, including accrued interest, has been transferred to investments in private entities. Interest accrued for this promissory note as at June 30, 2019 was \$Nil (March 31, 2019: \$773,223).

Convertible Debentures

The fair value of convertible debentures in public companies totalled \$11,631,216 (March 31, 2019: \$1,400,000). Convertible debentures in public companies represent an amount advanced bearing interests at 12% per annum and maturing between June 10, 2020 and December 18, 2020. If exercised, the convertible debentures will convert into common shares in the underlying businesses. Certain convertible debentures convert into units, which consist of a common share and a warrant.

As of June 30, 2019, accrued interest totalled \$157,093 (March 31, 2019: \$54,181). The fair value of the convertible debentures were estimated using a market discount rate of 10% and the fair value of the warrants were estimated using a Black-Scholes option pricing model with the following assumptions:

	June 30, 2019	March 31, 2019
Expected volatility	42% - 174.75%	42%
Risk-free interest rate	1.80% - 1.89%	1.80%
Expected life (in years)	1.00 - 2.00	1.72
Expected dividend yield	0.0%	0.0%
Underlying share price	\$0.08 - \$0.83	\$0.08

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Unaudited Interim Condensed Financial Statements

For the three-months ended June 30, 2019 and 2018

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5. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

	June 30, 2019	March 31, 2019
	\$	\$
General prepaid expenses ⁽¹⁾	1,577,071	1,101,709
	1,577,071	1,101,709

(1) This includes prepaid expenses for the Company's director and officer insurance \$449,623 (March 31, 2019: \$635,396), deposit on the Company's offices \$664,762 (March 31, 2019: \$376,795) and other prepaid expense totalling \$462,686 (March 31, 2019: \$89,518).

6. OTHER RECEIVABLES

The Company's other receivables are as follows:

	June 30, 2019	March 31, 2019
	\$	\$
Amount due from CannCure and/or 3 Boys Farms LLC ⁽¹⁾	6,900,564	-
Harmonized sales tax due from the Government of Canada	311,774	1,241,496
Other ⁽²⁾	1,001,266	326,314
	8,213,604	1,567,810

(1) As a result of the termination of the sale of 3 Boys Farms LLC to Verano Holdings (see also note 14), the Company and Verano entered into an agreement under which Verano sold certain assets to the Company and/or CannCure Investments Inc. for \$6,900,564 (US\$5,166,293). The Company has recorded this amount as a receivable, due from CannCure Investments Inc.

(2) The remaining balance totalling \$1,001,266 (March 31, 2019: \$326,214) includes \$251,811 (March 31, 2019: \$0) due from certain investee companies, \$596,321 (March 31, 2019: \$54,181) in interest income relating to convertible debentures and promissory notes and \$153,134 (March 31, 2019: \$272,133) in other receivables.

7. CAPITAL STOCK

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at June 30, 2019 the Company has 54,629,256 (June 30, 2018: 29,583,588) common shares outstanding. Changes in the share capital of the company for the three-months ended June 30, 2019 were as follows:

- ∞ 302,236 (June 30, 2018: 800,000) warrants were exercised for cash proceeds of \$604,463 (June 30, 2018: \$400,000). Upon exercise, the recorded value of \$258,786 (June 30, 2018: \$1,249,945) related to the warrants original issuance was reclassified from contributed surplus to share capital.
- ∞ \$Nil (June 30, 2018: 250,000) stock options were exercised for cash proceeds of \$Nil (June 30, 2018: \$12,500). On exercise, the recorded value of \$Nil (June 30, 2018: \$235,413) related to the stock options original issuance was reclassified from contributed surplus to share capital.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

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8. SHARE PURCHASE OPTIONS

Under the Company's Stock Option Plan ("Option Plan"), it may grant stock options to directors, officers, employees and consultants of the Company. The maximum aggregate number of common shares that may be issued under the Option Plan shall not exceed, combined with any other securities-based compensation plan including the Company's Deferred Share Unit Plan (defined later), 10% of the issued and outstanding common shares of the Company at the grant date. The Option Plan is administered by the Board. The minimum exercise price of options shall be equal to the market price of the Company's shares on the grant date, less an applicable discount, if any, permitted by securities legislation.

The following table summarizes the Option Plan activity for three-month period ended June 30, 2019 and the year ended March 31, 2019:

	Number of Options	Weighted Average Exercise Price
Balance, April 1, 2018	1,836,503	\$ 3.47
Granted	1,272,400	4.22
Forfeited	(648,503)	4.64
Exercised	(513,000)	2.60
Balance, March 31, 2019	1,947,400	\$ 3.73
Granted	54,000	2.11
Balance, June 30, 2019	2,001,400	\$ 4.03

As at June 30, 2019, the Company's outstanding share purchase options were as follows:

Grant date	Exercise price	Number of options outstanding	Number of vested options	Expiry Date
February 12, 2016	5.00	5,000	5,000	February 12, 2021
September 1, 2017	2.00	10,000	7,000	September 1, 2022
September 6, 2017	2.00	40,000	28,000	September 6, 2022
September 18, 2017	2.00	100,000	50,000	September 18, 2022
November 27, 2017	2.00	10,000	7,000	November 27, 2022
December 1, 2017	2.00	20,000	14,000	December 1, 2022
December 7, 2017	2.00	10,000	7,000	December 7, 2022
March 8, 2018	5.28	280,000	186,667	March 8, 2023
March 8, 2018	5.28	200,000	200,000	July 26, 2019
April 11, 2018	5.00	42,400	42,400	April 11, 2023
April 30, 2018	4.70	100,000	66,667	April 30, 2023
June 4, 2018	4.00	480,000	160,000	June 4, 2023
September 21, 2018	4.35	100,000	33,333	September 21, 2023
September 28, 2018	4.25	300,000	100,000	September 28, 2023
February 5, 2019	3.04	250,000	250,000	February 5, 2021
June 21, 2019	2.11	54,000	18,000	June 21, 2024
		2,001,400	1,175,067	

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8. SHARE PURCHASE OPTIONS (continued)

During the three-month period ended June 30, 2019, the Company recorded \$427,621 (2018: \$410,835) in connection with the vesting of share purchase options. Share purchase options granted during the period were valued using the Black-Scholes option pricing model and the following assumptions:

	June 30, 2019	June 30, 2018
Expected Volatility	79.51%	76.47% - 117.71%
Risk-free interest rate	1.37%	2.06% - 2.14%
Expected life (in years)	4.00	3.00 – 4.00
Expected dividend yield	0.0%	0.0%
Underlying Share Price	\$2.11	\$4.13 – \$4.70
Fair value range for option issued	\$1.24	\$1.93 - \$3.42

9. SHARE PURCHASE WARRANTS

The following table summarises warrant activity for the three-month period ended June 30, 2019 and the year ended March 31, 2019:

	Number of warrants	Weighted average exercise price
Balance, April 1, 2018	8,679,360	\$ 4.34
Exercised	(1,022,496)	0.57
Balance, March 31, 2019	7,656,864	\$ 4.84
Exercised	(302,236)	2.00
Balance, June 30, 2019	7,354,628	\$ 4.96

As at June 30, 2019, the Company's outstanding warrants were as follows:

Issuance Date	Number of warrants	Weighted average exercise price	Expiry Date
March 20, 2017	37,888	3.00	March 20, 2020
March 31, 2017	348	3.00	March 31, 2020
August 1, 2017	700,000	0.50	October 11, 2019
February 13, 2018 ⁽¹⁾	432,848	4.65	February 13, 2020
February 13, 2018	6,183,544	5.50	February 13, 2020
	7,354,628	\$ 4.96	

(1) Each warrant converts into one common share and one warrant with each warrant being exercisable at \$5.50.

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10. DEFERRED SHARE UNITS

Pursuant to the Deferred Share Unit Plan ("DSU Plan"), the Board may, from time to time, at its discretion and in accordance with exchange requirements, grant to employees, directors and consultants, of the Company (collectively the "DSU Participants"), Deferred Share Units ("DSUs") representing the right of the DSU Participant to receive one common share of the Company or cash equivalent (a "DSU Payment") for each whole DSU held by such DSU Participant. The maximum aggregate number of common shares that may be issued under the DSU Plan shall not exceed, combined with any other share-based compensation plan, including the Company's Option Plan, 10% of the issued and outstanding common shares of the Company at the grant date. The DSU Plan is administered by the Board. Upon a DSU Participants death, or retirement from or loss of office or employment with the Company (the "Termination Date"), the Company shall satisfy the DSU Payment for each DSU Participant by either: (i) issuing to such DSU Participant one common share of the Company for each outstanding DSU held by such DSU Participant on such relevant Termination Date, or (ii) payment of an amount in cash equivalent equal to the number of outstanding DSUs held by such DSU Participant multiplied by the last closing price of the Company's common shares immediately prior to the Termination Date, subject to applicable statutory source deductions.

During the three-month period ended June 30, 2019, \$Nil DSUs (2018: 320,000) with an initial value of \$Nil (2018: \$1,689,600) were forfeited. The initial value of the DSUs were recorded as a reduction in salaries and consulting expense during the year ended March 31, 2019. In addition, during the three-month period ended June 30, 2019, the Company incurred DSU expense of \$1,936,980 (2018: \$Nil) in connection with issuance and forfeiture of DSUs. The following table summarises DSU activity for the three-month period ended June 30, 2019 and the year ended March 31, 2019:

	Number of Deferred Share Units	Fair Market Value
Balance, April 1, 2018	960,000	\$ 4,416,000
Granted	867,578	2,862,958
Fair value of DSU granted but not yet issued	-	1,480,000
Forfeited	(320,000)	(1,311,023)
Exercised	(536,667)	(1,969,245)
Fair value adjustment - outstanding units	-	(522,829)
Balance, March 31, 2019	970,911	\$ 4,955,861
Granted	967,447	1,936,980
Fair value adjustment – outstanding units ⁽¹⁾	-	(2,550,919)
Fair value of DSU granted but not yet issued	-	7,029,087
Balance, June 30, 2019	1,938,358	\$ 11,371,009

(1) Fair value adjustment reflects the DSU's liability marked to market as of June 30, 2019.

In addition, during the period from June 4, 2019 to October 3, 2022, certain directors and officers are entitled to 3,137,985 DSUs (March 31, 2019: 1,649,248 DSUs). These DSUs have not been issued but a portion has vested and share-based compensation, has been recorded in these Financial Statements.

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11. ACQUISITION AND DISPOSAL

Acquisition of CannCure Investments Inc.

On April 8, 2019, the Company completed the acquisition of CannCure, an entity that indirectly holds a 100% interest in 3 Boys Farms, LLC. Pursuant to the terms of the agreement, the Company paid consideration of \$55,128,200 which was partially satisfied by the issuance of 7,317,500 of the Company's common shares at a recorded value of \$24,659,975 which is based on a share price of \$3.37 which represented the company's stock price on the day before the closing of the transaction. In the event that the Company announces a binding agreement to sell 3 Boys within 24 months of the closing date, the Company will pay an earn-out (the "Earn Out") structured as follows: (i) the Company and the sellers will each receive funds from the sale proceeds as reimbursement of the amounts each had invested into 3 Boys; and (ii) any remaining amount from such sale proceeds would be split, with 42% of any additional proceeds being earned by the Company and 58% of any additional proceeds being earned by the sellers. Further, if the Company fails to announce a binding agreement to sell 3 Boys within 2 years of the closing date, the Company will be required to pay the sellers US\$80,000,000. The Earn Out has been reflected as reduction in the value of the Company's investment in CannCure.

Disposal of LATAM Holdings Inc.

On September 27, 2018, the Company sold its investment in LATAM Holdings Inc. ("LATAM") to Aphria Inc. ("Aphria"). Pursuant to the transaction, Aphria indirectly acquired the following interests from the Company: (a) 49% of Marigold Projects Jamaica Limited ("Marigold Projects"). Marigold Projects had received licenses to cultivate and conditional licenses to process, sell and provide therapeutic or spa services using cannabis products in Jamaica; (b) 100% of ABP S.A., an Argentinean pharmaceutical import and distribution company, which supported a number of university hospitals to secure an import permit for cannabis oil; (c) 90% of Colcanna S.A.S., a Colombian medical cannabis producer, currently licensed for cultivation and importation of THC and CBD, extraction, production, research and exportation of medical cannabis products; and (d) the right to purchase, a Brazil asset in one or more separate tranches, of up to 90% of the common shares which the Company is seeking to acquire, The Brazilian company is seeking a medical cannabis license. As consideration, Aphria issued 15,678,310 of its common shares to the Company and Aphria agreed to assume \$1,290,210 (US\$1,000,000) in aggregate liabilities. The gain on sale of LATAM was calculated as follows:

Fair market value of consideration received on closing date ⁽¹⁾	\$	297,887,890
Less: Cost related to the LATAM investment ⁽²⁾		(93,084,187)
Gain on sale of investment	\$	204,803,703

(1) The fair market value on consideration received represents the value of 15,678,310 Aphria common shares at a September 26, 2018 closing price of \$19.00 per share, the day before the close of the transaction.

(2) Amount includes \$93,084,187 of direct costs to acquire the LATAM investments including the fair value of the Company's 18,855,630 common shares issued as consideration to acquire LATAM and its subsidiaries totalling \$64,016,574. The amount also includes transaction costs totalling \$11,319,038.

12. DECONSOLIDATION OF IMPACT BIOSCIENCES CORP.

Effective August 1, 2018, the Company determined it met the criteria to be to be designated as an investment entity, as defined within IFRS 10. Accordingly, the Company de-consolidated its former subsidiary, Impact Biosciences Corp. (formerly Scythian Biosciences Inc.). As a result of this deconsolidation, the Company has recorded a loss on deconsolidation of \$3,080,653 for the year ended March 31, 2019. The Company will no longer be recording research and development cost. No revenues had been recorded related to Impact Biosciences Corp.

13. INCOME TAXES

As at June 30, 2019, the Company has income taxes payable totalling \$14,565,000 (March 31, 2019: \$14,565,000), deferred tax liabilities totalling \$2,305,000 (March 31, 2019: \$2,305,000) and a deferred tax asset totalling \$1,107,108 (March 31, 2019: \$1,107,108).

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14. PROMISSORY NOTE DUE TO VERANO HOLDINGS LLC

On October 23, 2018 the Company announced a binding membership interest purchase agreement ("Purchase Agreement") to sell a 100% interest in 3 Boys Farms LLC ("3 Boys"), to Verano Holdings LLC ("Verano") in exchange for \$130,976,000 (US\$100,000,000) of Class B units in Verano. Subsequent to this announcement, on April 1, 2019 the Company announced that it had entered into an agreement to terminate the Purchase Agreement with Verano. Prior to the termination, Verano elected to enter into a form of a merger agreement with Harvest Health & Recreation Inc, ("Harvest") and since Harvest already owned a Florida medical marijuana treatment centre license, the parties negotiated and finalized a termination of the Purchaser Agreement on terms that were agreeable to the Company. As a result of the termination, the Company and Verano entered into an agreement under which Verano sold certain assets to the Company and/or 3 Boys including eleven qualified and entitled dispensary sites (some of which had been purchased by Verano), a 33 acre parcel of land in Indiantown Florida and processing and manufacturing facility in exchange for a promissory note of \$6,670,000 (US\$5,000,000). The promissory note has an interest rate of 10% per annum and is payable 12 months from the date of execution. As of June 30, 2019, including accrued interest \$6,836,293 (US\$5,000,000 plus accrued interest) is payable to Verano. This amount was offset by an other receivable (see note 6) due from CannCure Investments Inc.

15. COMMITMENTS AND CONTINGENCIES

Transaction Commitments

On April 8, 2019, the Company completed the acquisition of the majority of the stock of CannCure, an entity that indirectly holds a 100% interest in 3 Boys Farms, LLC which is one of the original licensed medical marijuana treatment centers in Florida. In accordance with the Company's press releases dated July 29, 2019, the Company is acquiring 100% of the stock of CannCure and will pay an earnout to the previous CannCure shareholders of US\$80,000,000 in cash or stock.

On April 23, 2019, the Company entered into a binding letter of intent with MCP Wellness, Inc. ("MCP Wellness") for US\$150 million. MCP Wellness is a special-purpose vehicle created to invest in Michigan cannabis operations, currently holds the rights to acquire two Michigan cultivation licenses, a processing license, and currently operates three (3) fully licensed cannabis provisioning centres in Michigan with a fourth provisioning centre scheduled to open in Ann Arbor in early September. A total of US\$35,000,000 in cash is due to be paid, of which US\$3,000,000 has been paid as of June 30, 2019. In addition, approximately US\$115,000,000 in the Company and/or CannCure's common stock is to be issued to the sellers.

On May 16, 2019, pursuant to the terms of a binding letter of intent between the Company and Three Habitat Consulting Holdco Inc. ("Three Habitat"), the Company will acquire an initial six (6) California dispensary companies from Three Habitat that will be operated as "One Plant" dispensaries as well as the exclusive rights to utilize the One Plant name and intellectual property in the United States for an aggregate purchase price of US\$17,000,000, subject to adjustment based on the achievement of certain post-closing milestones. The purchase price will be satisfied by US\$5 million in cash and the remaining balance in common shares of CannCure or such other affiliate or subsidiary of the Company as determined by the parties. In addition, certain additional payments may be made based on the achievement of performance markers.

On May 16, 2019 the Company entered into a binding letter of intent to acquire ECD, Inc., which operates as Northern Emeralds ("Northern Emeralds"), a cannabis cultivation, processing and distribution company headquartered in Humboldt County, California for an aggregate purchase price of US\$120 million, less certain adjustments. The purchase price will be satisfied by the issuance of common shares in CannCure or the Company.

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15. COMMITMENTS AND CONTINGENCIES (Continued)

Lease Obligations

The Company entered into a lease agreement for office space which terminates in 2022. As required by IFRS 16, the Company has recognized a liability of \$201,874 as at June 30, 2019 (March 31, 2019 - \$218,741). The Company has accrued the full amount of this liability with the corresponding amount expensed in the profit and loss as the Company is presently not utilizing the premises. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 5.95% per annum for similar assets.

Litigation

From time to time the Company may be subject to litigation and claims against it, in ordinary course of business. The Company is aware of three actions relating to its disposal of LATAM. As such no amounts have been accrued in these financial statements.

16. LOSS PER SHARE

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. Basic net loss per share for the three-month period ended June 30, 2019 totalled \$0.81 per share (June 30, 2018: net loss of \$0.13 per share). The weighted average number of shares outstanding for the three-month period ended June 30, 2019 was 53,763,434 (2018: 23,429,045). The fully diluted weighted average number of shares outstanding for the three-month period ended June 30, 2019 was 53,763,434 (2018: 23,429,045). Fully diluted net loss per share for the three-month period ended June 30, 2019 totalled \$0.81 per share (2018: net loss of \$0.13 per share).

17. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered related if one party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and senior officers as key management as related parties. During the three-month period ended June 30, 2019, the Company incurred payroll related costs of \$2,134,801 (June 30, 2018: \$692,060) with related parties. As at June 30, 2019, \$7,822 (June 30, 2018: \$76,179) was included in account payable and accrued liabilities owed to related parties. In addition, as at June 30, 2019, \$4,418,900 is included in accounts payable and accrued liabilities related to bonus amounts due to key management accrued that had not been paid as at June 30, 2019.

For the three-month period ended June 30,	2019	2018
Salaries and consulting fees	566,748	189,854
Share-based compensation	1,568,053	502,206
Total	\$ 2,134,801	\$ 692,060

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18. FINANCIAL RISK MANAGEMENT

The Company is exposed to certain financial risks. The impact on the Company's financial statements are summarized below:

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The market risks to which the Company is exposed are equity price risk and interest rate risk.

- ∞ Equity price risk - Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market. As at June 30, 2019, a 30% change in closing trade price of the Company's equity investment portfolio would impact net loss by \$57,255,942 (March 31, 2019: \$54,726,606).
- ∞ Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents, promissory notes and convertible debts held. The change in fair value of the Company's cash and cash equivalents, promissory notes and convertible debts held, due to changes of interest rates, is considered low.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency risk. The Company holds financial instruments that are denominated in a currency other than the Canadian dollar. A significant portion of the Company's cash outflows are in United States Dollars, Euros and Great British Pounds. In addition, numerous of the Company's investments are denominated in foreign currencies. A 10% change in foreign currencies held would have resulted in a change in (income)/net loss by \$55,179 (March 31, 2019: \$719,647). During the three-month period ended June 30, 2019, the Company recognized a foreign currency exchange loss of \$65,433 (March 31, 2019: loss of \$745,988). As at June 30, 2019, a 10% change in foreign exchange rate of the Company's investment portfolio would impact net loss by \$343,795 (March 31, 2019: \$489,806).

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations as they become due. A company's ability to continue as a going concern is dependent on receiving continued financial support from its stakeholders and, ultimately, on the ability to generate continued and sustainable profitable operations. The Company generates cash flow from the disposal of investments, financing activities, fees and dividend and interest income. The Company primarily invests in equity and debt instruments of various public and private companies. Due to a lack of an active market, the return on the disposal of investments in non-publicly traded companies may differ significantly from the carrying value of these investments. As of June 30, 2019, the Company's contractual cash flows, which were payable under financial liabilities consists of accounts payables and accrued liabilities as well as income tax payable with payments due in less than one year. The Company's financial assets are classified as being convertible into cash in less than one year. Management is of the opinion that sufficient working capital is available from its financings, its operations and its divestitures to meet the Company's liabilities and commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Given the relatively small size of the Company's staff, senior management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments.

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18. FINANCIAL RISK MANAGEMENT – (Continued)

Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Company's operating results. As at June 30, 2019, the Company has invested in common shares, convertible debentures, and warrants of public and private companies in the cannabis and non-cannabis sectors. The allocation between public and private companies is as follows:

	Cost	Fair value	Percentage
Publicly listed companies	26,107,384	15,155,102	8%
Private companies	198,224,856	174,233,529	91%
Warrants in public companies	-	1,464,509	1%
	224,332,240	190,853,140	100%

As at June 30, 2019, 44% (March 31, 2019: 77%) of the total fair value of the Company's investments were United States based companies while 56% (March 31, 2019: 16%) and 6% (March 31, 2019: 7%) of the total fair value of the Company's investments were in Canada and Europe, respectively.

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties. The Company considers its Shareholders' equity as its capital. The Company has no externally imposed capital requirements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash and cash equivalents is subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes.

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: (a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments; (b) to give shareholders sustained growth in shareholder value by increasing shareholders' equity. It is the intention of the Company in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends; and (c) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk of its underlying assets. The Company has the ability to maintain or adjust its capital level to enable it to meet its objectives by: (a) realizing proceeds from the disposition of its investments; (b) utilizing leverage in the form of margin (due to brokers) and long-term debt from financial lenders; and (c) raising capital through equity financings.

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20. SUBSEQUENT EVENTS

\$50,000,000 Debt Financing

On July 8, 2019, the Company completed a \$50,000,000 private placement financing by way of the issue and sale of a senior secured non-convertible debenture ("Debenture"). The Debenture bears an interest rate of 6.0% per annum and will mature on July 8, 2021, unless such maturity date is otherwise shortened due to the occurrence of certain milestones. The Debenture may be repaid by the Company in cash or in-kind with securities held within the Company's investment portfolio. A director and senior officers of the Company and certain other shareholders each provided guarantees under the Debenture.

The Company Announces Change of Business and Name Changes

On August 13, 2019, the Company announced that it would hold a special meeting of common shareholders on October 15, 2019 for shareholders to approve, among other things, a proposed change of business of the Company from an international cannabis investment company to a U.S. multi-state cannabis operator under the Life Sciences category of the Canadian Securities Exchange ("CSE"). In connection with the Company's proposed change of business, shareholders will also be asked to approve a name change to "Bluma Wellness Inc.".

Additional Investment into Heavenly Rx Ltd.

On July 29, 2019, the Company announced a further investment into Heavenly Rx Ltd., bringing its total cash investment to \$23,909,000.

Additional Investment into CannCure Investments Inc

On July 25, 2019, the Company announced a further investment into CannCure Investments Inc of \$2,627,410 (\$US 2,000,000), bringing its total investment to \$58,033,048.



SOL Global Investments Corp.
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FINANCIAL STATEMENTS

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SOL Global Investments Corp. (formerly Scythian Biosciences Corp.),

Opinion

We have audited the financial statements of SOL Global Investments Corp. (formerly Scythian Biosciences Corp.) (the "Company"), which comprise the statement of financial position as at March 31, 2019, and the statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 27, 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia
July 29, 2019

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)**Statements of Financial Position**

(Expressed in Canadian Dollars)

		As at March 31,	
	Notes	2019	2018
		\$	\$
ASSETS			
Cash		10,044,474	822,397
Guaranteed investment certificates	7	-	31,341,836
Other receivables	6	1,567,810	383,478
Prepaid expenses	5	1,101,709	2,556,010
Investments	4	182,422,020	-
Deferred tax asset	14	1,107,108	-
Convertible debenture	4	1,400,000	-
Promissory note receivable	4	26,430,183	-
Total assets		224,073,304	35,103,721
LIABILITIES			
Trading overdraft account		583,505	-
Accounts payable and accrued liabilities	18	12,288,755	1,822,582
Income tax payable	14	14,565,000	-
Lease obligation	16	218,741	-
Deferred tax liability	14	2,305,000	-
Deferred share unit liability	11	4,955,861	4,416,000
Total liabilities		34,916,862	6,238,582
SHAREHOLDERS' EQUITY			
Capital stock	8	117,100,041	52,116,837
Contributed surplus	9, 10	9,924,108	9,601,674
Retained earnings (deficit)		62,132,293	(32,853,372)
Total shareholders' equity		189,156,442	28,865,139
Total liabilities and shareholders' equity		224,073,304	35,103,721

The accompanying notes are an integral part of these financial statements.

Nature and Continuance of Operations (note 1), Commitments and Contingencies (note 16) and Subsequent Events (note 22)

On behalf of the Board, on July 29, 2019:

/s/ Roger Rai
Director

/s/ Brady Cobb
Director

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

For the year ended March 31,			
	Note	2019 \$	2018 \$
Income from investments			
Gain on sale of LATAM Holdings Inc.	12	204,803,703	-
Realized/Unrealized loss on investments	4	(53,173,171)	-
Loss on disposal of Go Green B.C. Medical Marijuana Ltd.	12	-	(234,675)
Interest and other income	4	784,824	141,054
Total other income		152,415,356	(93,621)
Expenses			
Salaries and consulting fees	18	16,454,238	1,748,789
Transaction costs		7,014,293	-
General and administrative		4,798,644	1,227,612
Share-based compensation	9	5,914,980	6,714,790
Research and development	13	2,679,322	3,137,653
Professional fees		1,472,751	1,066,855
Foreign exchange loss		745,988	27,770
Listing expenses		28,651	9,990,840
Change in fair value of deferred share units	11	(522,829)	1,780,637
Total expenses		38,586,038	25,694,946
Income (loss) before the following:		113,829,318	(25,788,567)
Loss on deconsolidation of Impact Biosciences Corp.	13	(3,080,653)	-
Income (loss) before income taxes		110,748,665	(25,788,567)
Deferred income tax	14	(1,197,892)	-
Current income taxes	14	(14,565,108)	-
Net income (loss) from continuing operations		94,985,665	(25,788,567)
Net loss from discontinued operations	15	-	(142,819)
Net income (loss) and comprehensive income (loss)		94,985,665	(25,931,386)
Income (loss) per common share, basic			
- Continuing operations	17	2.38	(1.60)
- Discontinued operations	17	-	(0.01)
Income (loss) per share, basic		2.38	(1.61)
Income (loss) per common share, diluted			
- Continuing operations	17	2.30	(1.60)
- Discontinued operations	17	-	(0.01)
Net income (loss) per share, diluted		2.30	(1.61)
Weighted average number of shares – basic	17	39,884,524	16,109,438
Weighted average number of shares - diluted	17	41,246,396	16,109,438

The accompanying notes are an integral part of these financial statements.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital \$	Contributed Surplus \$	Other Capital Reserves \$	Retained Earnings (Deficit) \$	Total \$
Balance, April 1, 2017		11,498,208	6,216,198	1,506,806	-	(6,921,986)	801,018
Share subscriptions received		-	-	-	12,196,191	-	12,196,191
Shares issued on conversion of subscription receipts		6,642,500	13,285,000	-	(13,285,000)	-	-
Issuance of common shares							
-For settlement of accounts payable		50,000	100,000	819,245	-	-	919,245
-For cash at \$8.00		6,183,544	28,753,480	-	-	-	28,753,480
Less share issue costs		-	(5,789,152)	1,808,117	1,088,809	-	(2,892,226)
Share issuance relating to reverse take-over	19	2,642,264	5,284,528	3,886,447	-	-	9,170,975
Settlement of accrued wages with related parties		-	-	669,388	-	-	669,388
Finder's fee		198,800	397,600	-	-	-	397,600
Shares issued on exercise of warrants	8, 10	973,608	1,957,182	(1,171,083)	-	-	786,099
Shares issued on exercise of options	8, 9	52,664	143,001	(38,673)	-	-	104,328
Disposition of Go-Green	12	(108,000)	(189,000)	-	-	-	(189,000)
Share-based compensation		-	-	2,121,427	-	-	2,121,427
Shares issued on exercise of deferred share units	8, 11	400,000	1,958,000	-	-	-	1,958,000
Net loss		-	-	-	-	(25,931,386)	(25,931,386)
Balance, March 31, 2018		28,533,588	52,116,837	9,601,674	-	(32,853,372)	28,865,139
Shares issued on exercise of options	8, 9	513,000	2,079,574	(1,535,386)	-	-	544,188
Shares issued on exercise of warrants	8, 10	1,022,496	2,145,736	(1,564,745)	-	-	580,991
Shares issued on exercise of deferred share units	8, 11	536,667	1,969,245	-	-	-	1,969,245
Shares issued on purchase of LATAM Holdings Inc.	12	18,855,630	64,016,574	-	-	-	64,016,574
Common shares repurchased	8	(2,451,861)	(5,227,925)	332,216	-	-	(4,895,709)
Share-based compensation		-	-	3,090,349	-	-	3,090,349
Net income		-	-	-	-	94,985,665	94,985,665
Balance, March 31, 2019		47,009,520	117,100,041	9,924,108	-	62,132,293	189,156,442

The accompanying notes are an integral part of these financial statements.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the year ended March 31,	2019 \$	2018 \$
OPERATING ACTIVITIES		
Net income (loss) from continuing operations	94,985,665	(25,788,567)
Net loss from discontinued operations	-	(142,819)
Items not affecting cash:		
Gain on sale of LATAM Holdings Inc.	(204,803,703)	-
Unrealized gain on investments	(8,858,564)	234,675
Realized loss on investments	62,031,735	-
Interest income accrual	(773,223)	-
Change in value of deferred share units	(522,829)	1,780,637
Share-based compensation	5,914,980	6,714,790
Depreciation	-	136,007
Accrued lease liability	218,741	-
Net change in deferred tax assets and liabilities	1,197,892	-
Loss on deconsolidation of Impact Biosciences Corp.	3,080,653	-
Listing expense paid in common shares	-	9,723,199
Purchase of investments	(226,490,948)	-
Proceeds of disposition of equity securities	287,542,597	-
Purchase of convertible debentures	(1,600,000)	-
Purchase of promissory notes	(26,057,212)	-
Costs associated with the purchase of LATAM	(28,746,950)	-
Changes in non-cash working capital:		
Prepaid expenses	(105,712)	(1,684,103)
Other receivables	(1,184,332)	(261,684)
Accounts payable and accrued liabilities	10,673,476	1,401,390
Income tax payable	14,565,000	-
Cash flows provided by (used in) operating activities	(18,932,734)	(7,886,745)
INVESTING ACTIVITIES		
Proceeds of disposition of guaranteed investment certificates	31,341,836	(31,341,836)
Cash advances to Kitrinor	-	(87,931)
Proceeds from sale of subsidiary	-	100,000
Cash flows provided by (used in) investing activities	31,341,836	(31,329,767)
FINANCING ACTIVITIES		
Increase in trading overdraft account	583,505	-
Proceeds from the exercise of warrants	580,991	786,099
Proceeds from the issuance of common shares, net	-	25,900,828
Proceeds from the exercise of options	544,188	104,328
Proceeds from issuance of subscription receipts for common shares, net	-	12,156,617
Common shares repurchased	(4,895,709)	-
Net cash provided by (used in) financing activities	(3,187,025)	38,947,872
Net change in cash during the year	9,222,077	(268,370)
Cash, beginning of year	822,397	1,090,767
Cash, end of year	10,044,474	822,397

The accompanying notes are an integral part of these financial statements.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.) (the “Company”) was incorporated under the laws of the Province of Ontario, Canada on January 28, 2005. The common shares of the Company are listed on the Canadian Securities Exchange under the symbol “SOL”, the OTC PK in the United States of America under the symbol “SOLCF”, and on the Frankfurt Exchange under the symbol “9SB”. The Company is an international investment company with a focus on investing in cannabis and cannabis related companies in legal U.S. states, the hemp and CBD marketplaces and the emerging European cannabis and hemp marketplaces with an objective of providing shareholders with a long term return through capital appreciation, dividends and interest from its investments. The Company may also invest in companies not in the cannabis sector, if the Company believes there is a strategic reason to do so.

On August 1, 2017, the Company completed a business combination with Scythian Biosciences Inc. (“Scythian Inc.”) (the “Transaction”), a company incorporated under the Federal laws of Canada on July 9, 2014. Scythian Inc. was focused on the acquisition of companies in the medical marijuana market, either in its application for medical and academic uses in the development of new pharmaceuticals, or in the business of production and sales of prescription marijuana to individual consumers. The Transaction constituted a reverse takeover (“RTO”) of the Company by Scythian Inc. and the business of the resulting merged entities became the business of Scythian Inc. In connection with the Transaction, the Company effected a reverse stock split on the basis of 1:20 and Scythian Inc. effected a reverse stock split on the basis of 1:80. In addition, on April 13, 2018, the Company effected a stock split on the basis of 4:1. These financial statements give retroactive effect to such splits and all share and per share amounts have been adjusted accordingly (Note 19)

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s registered office and principal place of business is 5600-100 King Street West, Toronto, ON, Canada, M5X 1C9.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) using the significant accounting policies outlined in Note 3.

The financial Statements were approved by the Board of Directors and authorized for issuance on July 29, 2019.

These financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. In addition, these financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value.

The following criteria within IFRS 10, Financial Statements (“IFRS 10”), were assessed by the Company to determine whether it qualifies as an investment entity, as defined within IFRS 10: (a) Does the Company obtain funds from one or more investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all its investments on a fair value basis. As at August 1, 2018, the Company determined that it met the definition of an investment entity. As a result of this classification, effective August 1, 2018, the Company deconsolidated its subsidiaries and recognized the interests held as financial instruments classified at Fair Value through Profit and Loss. The comparative financial statements were not restated to deconsolidate subsidiaries held as at March 31, 2018.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to:

Classification of the Company as an investment company under IFRS 10 – Judgement was applied in assessing the criteria within IFRS 10 in order to be classified as an investment company, as defined within IFRS 10.

Fair value of financial assets including equity investments and convertible debentures held - The Company reviews its investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available the Company uses judgement to determine fair value.

Income Taxes - Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Management exercises judgment in estimating the provision for taxes. The Company is subject to tax laws in various jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for taxes may increase or decrease in future periods to reflect actual experience.

Share-based Compensation - The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions in certain instances requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Going concern risk assessment - The assessment of the Company's ability to continue as a going concern and whether it is able to meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances. In making its determination that the Company is able to continue as a going concern, the Company has taken into consideration its cash position, the fact that some of its publicly traded investments can be liquidated in a short time period, its current liabilities, which consist primarily of incentives owed to key management, and the fact that the Company completed \$50,000,000 non-convertible debenture issuance after March 31, 2019.

Cash and Cash Equivalents

Cash and cash equivalents include cash at banks and on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Guaranteed Investment Certificates

The Company's guaranteed investment certificates have maturities greater than 90 days but less than one year.

Other Receivables

Other receivables are measured at amortized cost, net of allowance for uncollectible accounts.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting period, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average number of shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and deferred share units, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods.

Share Capital

Common shares are classified as equity. Costs directly attributable to the raising of share capital financing are charged against share capital. The Company does not bifurcate the value of warrants issued as part of a unit raise.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the date of the transaction. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a foreign currency are translated at the rate of exchange prevailing at the statement of financial position date, while non-monetary assets and liabilities are translated at the exchange rate prevailing on the transaction date. Revenues and expenses are translated at the exchange rates of those in effect on the date of the transaction. Exchange gains and losses arising on translation of amounts denominated foreign currencies to the Company's functional currency are included in profit or loss.

Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options, determined using a Black Scholes option pricing model, at the date of grant, is charged to the statement of comprehensive income (loss) over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income (loss) over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement comprehensive income (loss) over the vesting period, described as the period during which all the vesting conditions are to be satisfied. When vesting conditions are not satisfied and the options are forfeited, any previously recognized stock based compensation expense is reversed. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive income (loss). When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model or the fair value of the shares granted.

Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital. All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled, or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Share Units

The Company's deferred share unit ("DSU") plan provides for grants to employees, directors and consultants as a long-term incentive component of their compensation. DSU's vest immediately upon grant and are paid out in either cash or shares when a participant ceases to be an employee, director or consultant of the Company. The DSUs are recorded as a liability in the statement of financial position at fair value at the date of grant because the amount to be paid can either be settled by the issuance of shares or cash. Each subsequent reporting period, the DSU liability is updated to the period end fair value, which is based on the Company's period end share price and changes are recorded as a change in fair value of deferred share units in the statement of comprehensive income (loss).

Financial Instruments

The Company adopted IFRS 9 *Financial Instruments*, effective April 1, 2018, which supersedes IAS 39, *Financial Instruments: recognition and measurement* (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit and loss (FVTPL).

Where financial assets are measured at fair value at each reporting date, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI). For debt instruments, the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. For equity investments, the FVTOCI classification is an election. Further, the requirements for reclassifying gains or losses recognized in other comprehensive income are different for debt instruments and equity investments. The classification of a financial asset is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified. A debt instrument that meets both the business model test and cash flow characteristics test must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at FVTPL under the fair value option. All investments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value at each reporting date recorded in profit or loss. Purchases and sales of investments are recognized on the settlement date. Gains and losses arising from the sale of investments are recognized in profit or loss.

Investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. When units are purchased that consist of shares and warrants, the warrants received are also recognized at fair value, but any resulting gain or loss is deferred to the extent that the warrant fair value is determined using unobservable inputs.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

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For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

IFRS 9 requires the Company to record an allowance for expected credit loss ("ECL") based on a 12-month ECL or lifetime ECL. Assets within the scope of IFRS 9 that are considered to have low credit risk have an impairment provision recognized during the period limited to a 12-month ECL. However, when credit risk has increased significantly since origination, that allowance will be based on the lifetime ECL. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. For other receivables, the Company applies the simplified approach permitted by IFRS, which requires lifetime ECLs to be recognized from initial recognition. Other receivables primarily consist of commodity taxes recoverable from the Government of Canada and interest receivable.

The Company has classified its financial instruments as follows:

Financial Instrument	IFRS 9 Classification	IAS39 Classification
Cash	FVTPL	FVTPL
Guaranteed investment certificates	FVTPL	FVTPL
Promissory note receivable	FVTPL	FVTPL
Investments	FVTPL	FVTPL
Convertible debenture	FVTPL	FVTPL
Other receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Trading overdraft account	FVTPL	FVTPL
Deferred share unit liabilities	FVTPL	FVTPL

The Company's financial instruments measured at fair value on the statements of financial position are measured using one of the three levels of the fair value hierarchy are as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Transaction costs

Transaction costs for financial instruments classified as FVTPL are recognized as an expense in the year they are incurred. For all non-FVTPL financial instruments, transaction cost are capitalized and amortized using the effective interest rate method over a period that corresponds with the term of the financial instruments.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as accumulated other comprehensive income. The Company has not had other comprehensive income since inception.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Research and development costs

Prior to becoming an investment entity, research costs are expensed as incurred. Development expenditures are expensed when incurred unless the Company can demonstrate that the development expenditures satisfy the criteria for recognition as an intangible asset pursuant to IAS 38 Intangible Assets ("IAS 38"). Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate: the technological feasibility of completing the asset so that the asset will be available for sale or use; the Company's ability and intention to use or sell the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development. Following initial recognition of the development expenditures as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when the development is complete and the asset is available for use. It is amortized over the expected period of future benefit. During the period of development, the asset is tested for impairment at least annually.

Revenue recognition

Interest income is recorded on an accrual basis using the effective interest rate method. Under the effective interest rate method, the interest rate realized is not necessarily the same as the stated loan interest rate. When a loan is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new circumstances. These revised cash flows are discounted using the original effective interest rate to determine the impaired carrying value of the loan. Interest income is thereafter recognized on this impaired carrying value using the original effective interest rate. Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of comprehensive income. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the statement of comprehensive income as incurred. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established.

IFRS 15 – Revenue from Contracts with Customers

The Company has adopted, effective April 1, 2018, IFRS 15 - Revenue from Contracts with Customers – The IASB issued IFRS 15 Revenue from Contracts with Customers and replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. IFRS 15 excludes from its scope revenue related to financial instruments. As a result, the adoption of IFRS 15 did not have a material impact on the financial statements.

New Accounting Policies to be Adopted

In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company will adopt IFRS 16 starting on April 1, 2019 and the adoption of IFRS 16 will have no material impact on the financial statement as the Company has already accrued the full amount payable under a lease of office premises as an onerous lease liability due to the fact that the Company is not using its premises. The onerous lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing which was determined to be 5.95% per annum for similar assets.

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4. INVESTMENTS, FAIR VALUE MEASUREMENT

Fair value measurements are based on a three-level fair value hierarchy, based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Investments consisted of the following at March 31, 2019:

Financial assets measured at fair value	Cost	Level 1	Level 2	Level 3	Total Fair Value
Equities	173,338,052	32,788,159	-	149,461,444	182,249,603
Warrants	-	-	-	172,417	172,417
Promissory note	25,656,960	-	-	26,430,183	26,430,183
Convertible debentures	1,600,000	-	-	1,400,000	1,400,000
	200,595,012	32,788,159	-	177,464,044	210,252,203

Change in Level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended March 31, 2019.

	Private equities	Convertible debentures	Promissory note	Warrants	Total Fair Value
Balance April 1, 2018	-	-	-	-	-
Purchases	142,209,613	1,600,000	25,656,950	-	169,466,563
Unrealized gains (losses)	7,251,831	(200,000)	773,233	172,417	7,997,481
Balance March 31, 2019	149,461,444	1,400,000	26,430,183	172,417	177,464,044

Significant unobservable inputs

The key assumptions the Company used in the valuation of level 3 investments include and are not limited to the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

	Fair value as at March 31, 2019	Valuation technique	Unobservable inputs	Range of inputs
Private equities	149,461,444	Recent financings and trends in comparable companies	Year end transaction prices	N/A
Promissory note	26,430,183	Discounted cash flow method	Discounted rate	10%
Convertible debenture	1,400,000	Black-Scholes Option Pricing and effective interest rate	Expected volatility Discount rate	42% 20%
Warrants	172,417	Black-Scholes Option Pricing	Expected volatility	143.26%
	177,464,044			

For these Level 3 investments, the inputs used can be highly judgmental. A 10% increase or decrease in the assumptions will result in a corresponding \$17,746,404 change to the total fair value of Level 3 investments.

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4. INVESTMENTS, FAIR VALUE MEASUREMENT (Continued)

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

Financial assets

	March 31, 2019	March 31, 2018
Investments	\$	\$
Common shares, in public and private companies	182,249,603	-
Common share purchase warrants, in public companies	172,417	-
Total Investments	182,422,020	-
Promissory notes (private companies)	26,430,183	-
Convertible debentures, public companies	1,400,000	-

As at March 31, 2019, the fair value of the Company's investments in cannabis and related investments in the United States of America totalled \$132.9 million (2018: \$Nil). The fair value of non-United States of America cannabis and related investments totalled \$49.5 million (2018: \$Nil).

Investments

The Company's investments totalling \$182,422,020 (2018: \$Nil) include both common shares in public companies and common share purchase warrants of public companies. The Company values its shares of public companies at price quotations in active markets. Common share purchase warrants are valued using the Black-Scholes option pricing model. The following are the assumptions used in valuing the common share purchase warrants:

	March 31, 2019	March 31, 2018
Expected volatility	143.26%	-
Risk-free interest rate	1.54%	-
Expected life (in years)	2.10	-
Expected dividend yield	0.0%	-
Underlying share price	\$ 1.59	-

Promissory Notes

A total of \$26,430,183 (2018: \$Nil) is held in promissory notes that are due from private companies. In December 2018, the Company advanced \$25,656,960 (USD\$19,200,000) under promissory note bearing interests at 10% per annum to CannCure Investments Inc. ("CannCure") to assist CannCure in closing their 100% acquisition of 3 Boys Farms, LLC ("3 Boys"). This amount was advanced after the Company had agreed to acquire CannCure's 100% interest in 3 Boys. Upon the Company acquiring CannCure, which occurred subsequent to year end on April 8, 2019 (Note 22), this amount was added into the consideration for the purchase price paid. The interest accrued for this promissory note as at March 31, 2019 is \$773,223. The Company holds an unrelated promissory note with a private company totalling \$400,252 (2018: \$Nil), which has been fully impaired.

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4. INVESTMENTS, FAIR VALUE MEASUREMENT (Continued)

Convertible Debentures

The fair value of convertible debentures in public companies totalled \$1,400,000 (2018: \$Nil). Convertible debentures in public companies represent an amount advanced bearing interests at 12% per annum and maturing on December 18, 2020. Pursuant to the terms of the convertible debenture, the Company has the option to convert the principal amount of the debentures into units in the investee. Each unit consists of one common share and one common share purchase warrant with an exercise price of \$0.09 per share (before December 18, 2019) or \$0.10 per share (between December 19, 2019 and December 18, 2020) for both the underlying share and the common share purchase warrant. Accrued interest as of March 31, 2019 totalled \$54,181 (2018: \$Nil). The fair value of the convertible debentures was estimated using a market discount rate of 20% and the fair value of the warrants was estimated using a Black-Scholes option pricing model with the following assumptions:

	March 31, 2019	March 31, 2018
Expected volatility	42%	-
Risk-free interest rate	1.80%	-
Expected life (in years)	1.72	-
Expected dividend yield	0.0%	-
Underlying share price	\$ 0.08	-

The fair value of the convertible debentures at the issuance was more than the amount advanced. In accordance with IFRS 13, a day 1 gain should not be recognized. Accordingly the fair value inputs were calibrated to reduce the fair to the amount advanced. Subsequent measurements of the fair value use the calibrated inputs adjusted for changes in time or market related changes that have occurred since the original issuance date.

5. PREPAID EXPENSES

The following table reflects the Company's prepaid expenses:

	March 31, 2019	March 31, 2018
	\$	\$
General prepaid expenses ⁽¹⁾	1,101,709	995,996
University of Miami research study ⁽²⁾	-	1,560,014
	1,101,709	2,556,010

(1) This includes D&O Insurance and Security Deposit for Corporate Offices.

(2) University of Miami research study prepaid related to unspent amounts advanced to the University of Miami for a concussion study (note 13).

6. OTHER RECEIVABLES

Other receivables total \$1,567,810 (2018: \$383,478). Of this amount, \$1,241,496 (2018: \$177,513) is due from the Government of Canada for goods and services taxes with the remaining \$326,314 (2018: \$205,965) amounts due from third parties.

7. GUARANTEED INVESTMENT CERTIFICATES

As at March 31, 2019, the Company held no guaranteed investments certificates. As at March 31, 2018, the Company held \$31,341,836 in guaranteed investments certificates maturing June 2018 to February 2019 and bearing interest at rates from 0.2% to 1.8% per annum.

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8. CAPITAL STOCK

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at March 31, 2019 the Company has 47,009,520 (2018: 28,523,588) common shares outstanding.

- 1) During the year ended March 31, 2019, the Company purchased, and subsequently cancelled, 2,451,861 (2018: Nil) of its common shares for total consideration of \$4,895,709 (2018: \$Nil) through a normal course issue bid.
- 2) During the year ended March 31, 2019, 513,000 (2018: 52,664) stock options were exercised for cash proceeds of \$544,188 (2018: \$104,328). On exercise, the recorded value of \$1,535,386 (2018 – \$38,673) related to the stock options original issuance was reclassified from contributed surplus to share capital.
- 3) During the year ended March 31, 2019, a total of 1,022,496 (2018 – 973,608) warrants were exercised for cash proceeds of \$580,991 (2018: \$786,099). Upon exercise, the recorded value of \$1,564,745 (2018: \$1,171,083) related to the warrants original issuance was reclassified from contributed surplus to share capital.
- 4) During the year ended March 31, 2019, 536,667 (2018 – 400,000) deferred share units were exercised with a fair value of \$1,969,245 (2018: \$1,958,000) on the date of issue.

9. SHARE PURCHASE OPTIONS

Under the Company's Stock Option Plan ("Option Plan"), it may grant stock options to directors, officers, employees and consultants of the Company. The maximum aggregate number of common shares that may be issued under the Option Plan shall not exceed, combined with any other securities-based compensation plan including the Company's Deferred Share Unit Plan (defined later), 10% of the issued and outstanding common shares of the Company at the grant date. The Option Plan is administered by the Board. The minimum exercise price of options shall be equal to the market price of the Company's shares on the grant date, less an applicable discount, if any, permitted by securities legislation.

The following table summarizes the Option Plan activity for the years ended March 31, 2019 and 2018:

	Number of Options	Weighted Average Exercise Price
Balance, April 1, 2017	545,000	\$ 2.73
Granted	1,665,000	3.90
Issued pursuant to RTO	42,700	12.50
Forfeited	(298,333)	(5.00)
Expired	(65,200)	(9.91)
Exercised	(52,664)	(2.00)
Balance, March 31, 2018	1,836,503	3.47
Granted	1,272,400	4.22
Forfeited	(648,503)	4.64
Exercised	(513,000)	2.60
Balance, March 31, 2019	1,947,400	\$ 3.73

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9. SHARE PURCHASE OPTIONS (continued)

As at March 31, 2019, the Company's outstanding share purchase options were as follows:

Grant date	Exercise price	Number of options outstanding	Number of vested options	Expiry Date
February 12, 2016	5.00	5,000	5,000	February 12, 2021
September 1, 2017	2.00	10,000	7,000	September 1, 2022
September 6, 2017	2.00	40,000	28,000	September 6, 2022
September 18, 2017	2.00	100,000	50,000	September 18, 2022
November 27, 2017	2.00	10,000	7,000	November 27, 2022
December 1, 2017	2.00	20,000	14,000	December 1, 2022
December 7, 2017	2.00	10,000	7,000	December 7, 2022
March 8, 2018	5.28	280,000	186,667	March 8, 2023
March 8, 2018	5.28	200,000	200,000	July 26, 2019
April 11, 2018	5.00	42,400	21,200	April 11, 2023
April 30, 2018	4.70	100,000	33,333	April 30, 2023
June 4, 2018	4.00	480,000	-	June 4, 2023
September 21, 2018	4.35	100,000	33,333	September 21, 2023
September 28, 2018	4.25	300,000	100,000	September 28, 2023
February 5, 2019	3.04	250,000	250,000	February 5, 2021
		1,947,400	942,533	

During the year ended March 31, 2019, the Company recorded \$3,090,349 (2018: \$2,121,427) in connection with the vesting of share purchase options. Share purchase options granted during the year were valued using the Black-Scholes option pricing model and the following assumptions:

	March 31, 2019	March 31, 2018
Expected Volatility	78.08% – 101.91%	76.47% - 117.71%
Risk-free interest rate	1.85% - 2.33%	1.26% - 2.08%
Expected life (in years)	2.00 – 4.00	2.50 - 3.50
Expected dividend yield	0.0%	0.0%
Underlying Share Price	\$3.06 – \$4.70	\$1.25 - 5.25
Fair value range for option issued	\$1.38 - \$3.42	\$2.21 - \$4.84

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10. SHARE PURCHASE WARRANTS

The following table summarises warrant activity for the year ended March 31, 2019 and 2018:

	Number of warrants	Weighted average exercise price
Outstanding, April 1, 2017	568,784	\$ 2.18
Issued	9,085,184	3.86
Expired	(1,000)	12.50
Exercised	(973,608)	0.81
Balance, March 31, 2018	8,679,360	4.34
Exercised	(1,022,496)	0.57
Balance, March 31, 2019	7,656,864	\$ 4.84

As at March 31, 2019, the Company's outstanding warrants were as follows:

Issuance Date	Number of warrants	Weighted average exercise price	Expiry Date
March 13, 2017	297,684	\$ 2.00	June 12, 2019
March 20, 2017	37,888	3.00	March 20, 2020
March 31, 2017	4,552	2.00	June 12, 2019
March 31, 2017	348	3.00	March 31, 2020
August 1, 2017	700,000	0.50	October 11, 2019
February 13, 2018 ⁽¹⁾	432,848	4.65	February 13, 2020
February 13, 2018	6,183,544	5.50	February 13, 2020
	7,656,864	\$ 4.84	

(1) Each warrant converts into one common share and one warrant with each warrant being exercisable at \$5.50.

Share purchase warrants were valued using the Black-Scholes option pricing model and the following assumptions:

	March 31, 2019	March 31, 2018
Expected Volatility	Not applicable	75.92% - 101.91%
Risk-free interest rate	Not applicable	0.78% - 1.78%
Expected life (in years)	Not applicable	2-3
Expected dividend yield	Not applicable	0.0%
Underlying Share Price	Not applicable	7.475-8.00

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11. DEFERRED SHARE UNITS

Pursuant to the Deferred Share Unit Plan ("DSU Plan"), the Board may, from time to time, at its discretion and in accordance with exchange requirements, grant to employees and directors and consultants, of the Company (collectively the "DSU Participants"), Deferred Share Units ("DSUs") representing the right of the DSU Participant to receive one common share of the Company or cash equivalent (a "DSU Payment") for each whole DSU held by such DSU Participant. The maximum aggregate number of common shares that may be issued under the DSU Plan shall not exceed, combined with any other share-based compensation plan, including the Company's Option Plan, 10% of the issued and outstanding common shares of the Company at the grant date. The DSU Plan is administered by the Board. Upon a DSU Participant's death, or retirement from or loss of office or employment with the Company (the "Termination Date"), the Company shall satisfy the DSU Payment for each DSU Participant by either: (i) issuing to such DSU Participant one common share of the Company for each outstanding DSU held by such DSU Participant on such relevant Termination Date, or (ii) payment of an amount in cash equivalent equal to the number of outstanding DSUs held by such DSU Participant multiplied by the last closing price of the Company's common shares immediately prior to the Termination Date, subject to applicable statutory source deductions.

During the year ended March 31, 2019, 320,000 DSUs with an initial value of \$947,200 (2018: \$Nil) were forfeited. The initial value of the DSUs were recorded as a reduction in salaries and consulting expense during the year ended March 31, 2019. In addition, during the year ended March 31, 2019, the Company incurred DSU expense of \$3,031,935 (2018: \$131,500) in connection with issuance and forfeiture of DSUs. A summary of the Company's outstanding DSUs for the year ended March 31, 2019 and 2018, is as follows:

	Number of Deferred Share Units		Fair Market Value
Balance, April 1, 2017	-	\$	-
Granted	1,360,000		4,593,363
Exercised	(400,000)		(1,958,000)
Fair Value Adjustment	-		1,780,637
Balance, April 1, 2018	960,000	\$	4,416,000
Granted	867,578		2,862,958
Fair value of DSU granted but not yet issued	-		1,480,000
Forfeited	(320,000)		(1,311,023)
Exercised	(536,667)		(1,969,245)
Fair value adjustment - outstanding units ⁽¹⁾	-		(522,829)
Balance, March 31, 2019	970,911	\$	4,955,861

(1) Fair value adjustment reflects the DSU's liability marked to market as of March 31, 2019.

In addition, during the period from June 4, 2019 to October 3, 2022, certain directors and officers are entitled to 1,649,248 DSUs (2018: Nil). These DSUs have not been issued but a portion has vested and share-based compensation in the amount of \$1,480,000 has been recorded in these financial statements.

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12. DISPOSALS

Sale of LATAM Holdings Inc. ("LATAM")

On September 27, 2018, the Company sold its investment in LATAM to Aphria Inc. ("Aphria"). Pursuant to the transaction, Aphria indirectly acquired the following interests from the Company: (a) 49% of Marigold Projects Jamaica Limited ("Marigold Projects"). Marigold Projects had received licenses to cultivate and conditional licenses to process, sell and provide therapeutic or spa services using cannabis products in Jamaica; (b) 100% of ABP S.A., an Argentinean pharmaceutical import and distribution company, which supported a number of university hospitals to secure an import permit for cannabis oil; (c) 90% of Colcanna S.A.S., a Colombian medical cannabis producer, currently licensed for cultivation and importation of THC and CBD, extraction, production, research and exportation of medical cannabis products; and (d) the right to purchase, a Brazil asset in one or more separate tranches, of up to 90% of the common shares which the Company is seeking to acquire, The Brazilian company is seeking a medical cannabis license. As consideration, Aphria issued 15,678,310 of its common shares to the Company and Aphria agreed to assume \$1,290,210 (\$1,000,000 USD) in aggregate liabilities.

The gain on sale of LATAM was calculated as follows:

Fair market value of consideration received on closing date ⁽¹⁾	\$	297,887,890
Less: Cost related to the LATAM investment ⁽²⁾		(93,084,187)
Gain on sale of investment	\$	204,803,703

(1) The fair market value on consideration received represents the value of 15,678,310 Aphria common shares at a September 26, 2018 closing price of \$19.00 per share, the day before the close of the transaction.

(2) Amount includes \$93,084,187 of direct costs to acquire the LATAM investments including the fair value of the Company's 18,855,630 common shares issued as consideration to acquire LATAM and its subsidiaries totalling \$64,016,574. The amount also includes transaction costs totalling \$11,319,038.

Sale of Go Green B.C. Medicinal Marijuana Ltd.

On November 29, 2017, the Company sold its Investment in Go Green. The disposition resulted in a loss of \$234,675, calculated as follows:

Cash paid at closing	\$	100,000
Other receivable, subsequently collected		100,000
Return of shares (108,000 shares at \$1.75 per share)		189,000
Total consideration received		389,000
Carrying amount of net assets sold		(623,675)
Loss on sale	\$	234,675

13. DECONSOLIDATION OF IMPACT BIOSCIENCES CORP.

Effective August 1, 2018, the Company determined it met the criteria to be to be designated as an investment entity, as defined within IFRS 10. Accordingly, the Company de-consolidated its former subsidiary, Impact Biosciences Corp. (formerly Scythian Biosciences Inc.). As a result of this deconsolidation, the Company has recorded a loss on deconsolidation totalling \$3,080,653 (2018: \$Nil). As a result of the de-consolidating Impact Biosciences Corp. the Company will no longer be recording research and development cost which amounted to \$2,679,322 for the period from April 1, 2018 to August 1, 2018 (year ended March 31, 2018 - \$3,137,653). No revenues had been recorded related to Impact Biosciences Corp.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

14. INCOME TAXES

The Company's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes as a result of the following:

An analysis of deferred tax assets and deferred tax liabilities is as follows:

For the year ended March 31,	2019	2018
	\$	\$
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	771,108	-
Deferred tax asset to be recovered within 12 months	336,000	-
Deferred tax liabilities		
Deferred tax liability within 12 months	(2,305,000)	-
Deferred tax liability, net	(1,197,892)	-

A reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2018: 26.5%) to the effective tax rate is as follows:

For the year ended March 31,	2019	2018
	\$	\$
Net income (loss) before recovery of income taxes	110,748,665	(25,931,386)
Expected income tax (recovery) expense	29,348,396	(6,871,817)
Share based compensation and non-deductible expenses	1,036,720	4,857,846
Loan Impairment Loss (For Accounting Purposes)	59,650	-
Transaction Costs	3,100,650	-
Accounting Loss on Disposition of Aphria Shares	15,847,110	-
Funding to Foreign Company (Acquired the control after the year end)	614,110	-
Net Capital Gain on Disposition of Shares	24,014,780	-
Accounting Gain on disposal of LATAM Assets	(57,357,500)	-
Accounting Gain on Disposition of Shares in Other Canadian Companies	(241,420)	-
Unrealized Fair Value Adjustment on Securities	(102,570)	-
Equity pick up and deconsolidation	1,509,810	-
Utilization of losses for debt forgiveness	-	372,856
Other Adjustments	515,814	71,077
Change in tax benefits not recognized	(2,582,550)	1,570,038
Income tax expense	15,763,000	-

The following table summarizes the components of deferred tax:

For the year ended March 31,	2019	2018
	\$	\$
Share issue costs	1,107,108	-
Deferred tax assets	1,107,108	-
Unrealized gain on investments	(2,305,000)	-
Deferred tax liability	(2,305,000)	-

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

15. DISCONTINUED OPERATIONS

The following table shows the statement of loss and comprehensive loss for discontinued operations:

For the year ended	March 31, 2019	March 31, 2018
Total income	\$ -	\$ -
Total expenses	-	(142,819)
Net loss from discontinued operations	\$ -	\$ (142,819)

The majority of the expenses for the year ended March 31, 2018 related to depreciation and accordingly had no material impact on the statement of cash flows.

16. COMMITMENTS AND CONTINGENCIES

Promissory Note Due to Verano Holdings LLC ("Verano")

In addition, on October 23, 2018 the Company announced a binding membership interest purchase agreement (the "Purchase Agreement") to sell a 100% interest in 3 Boys Farms LLC ("3 Boys"), which it will acquire as described below, to Verano in exchange for \$130,976,000 (USD\$100,000,000) of Class B units in Verano. Subsequent to this announcement, on April 1, 2019, the Company announced that it had entered into an agreement to terminate the Purchase Agreement with Verano after thorough negotiations with Verano. Prior to the termination, Verano elected to enter into a form of a merger agreement with Harvest, and since Harvest already owned a Florida medical marijuana treatment center license the parties negotiated and finalized a termination of the Purchase Agreement on terms that were agreeable to the Company. As a result of the termination, the Company and Verano entered into an agreement under which Verano sold certain marquee assets to the Company and/or 3 Boys including eleven (11) qualified and entitled dispensary sites (some of which had been purchased by Verano) and a 33 acre parcel of land in Indiantown Florida (strategically located in close proximity to South Florida) that was being developed as a state of the art cultivation, processing and manufacturing facility in exchange for a promissory note of \$6,670,000 (USD\$5,000,000) payable 12 months from the date of execution at an interest rate of 10% per annum.

Lease Obligations

The Company entered into a lease agreement for office space which terminates in 2022. The Company has recognized a liability of \$218,741. The Company has accrued the full amount of this liability with the corresponding amount expensed in the profit and loss as the Company is presently not utilizing the premises. The liability were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 5.95% per annum for similar assets.

Litigation

From time to time the Company may be subject to litigation and claims against it, in ordinary course of business. The Company is aware of two actions relating to its disposal of LATAM. As such no amounts have been accrued in these financial statements.

17. INCOME (LOSS) PER SHARE

Income (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding deferred share units, stock options and warrants. The weighted average number of shares outstanding for the year ended March 31, 2019 was 39,884,524 (2018: 16,109,438). Basic net income per share for the year- ended March 31, 2019 totalled \$2.38 per share (2018: net loss of \$1.60 per share). The fully diluted weighted average number of shares outstanding for the year ended March 31, 2019 was 41,246,396 (2018: 16,109,438). Fully diluted net income per share for the year ended March 31, 2019 totaled \$2.30 per share (2018: net loss of \$1.60 per share).

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

18. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered related if one party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and senior officers as key management. During the year ended March 31, 2019, the Company incurred payroll related costs of \$13,333,672 (2018: \$6,729,730) with directors and officers. As at March 31, 2019, \$17,791 (2018: \$Nil) was included in account payables owed to related parties. In addition, as at March 31, 2019, \$10,300,167 is included in accounts payable and accrued liabilities related to bonus amounts due to key management accrued that had not been paid as at March 31, 2019.

For the year ended March 31,	2019	2018
Salaries and consulting fees to directors and officers	7,984,374	652,711
Share-based payments to directors and officers	4,864,214	6,069,519
Consulting fees to directors	485,084	7,500
Total	13,333,672	\$ 6,729,730

In addition to the amounts noted above \$5,908 (2018: \$Nil) was paid to a law firm in which a director of the Company is a partner.

19. REVERSE TAKEOVER TRANSACTION

On August 1, 2017, the Company closed a reverse takeover transaction with Scythian Inc. pursuant to which the Company acquired all of the issued and outstanding securities of Scythian Inc. by way of a three-cornered amalgamation (the "Amalgamation"). As part of the Amalgamation, the Company changed its name to Scythian Biosciences Corp. ("Scythian Corp.", which later became SOL Global Investments Corp.) and Scythian Inc. became a wholly-owned subsidiary of Scythian Corp. Under the terms of the Amalgamation, Scythian Corp. effected a reverse stock split on the basis of 1:20 and Scythian Inc. effected a reverse stock split on the basis of 1:80. Scythian Inc. shareholders received post-consolidation shares of Scythian Corp. for each post-consolidation Scythian Inc. share held on the basis of 1:1. Further, all post-consolidation share purchase options and warrants outstanding in Scythian Inc. were exchanged for share purchase options and warrants in Scythian Corp. on the basis of 1:1. The Amalgamation was accounted for as a RTO transaction that was not a business combination and effectively a capital transaction of Scythian Inc. Scythian Inc. has been treated as the accounting acquirer (legal subsidiary) and Scythian Corp. has been treated as the accounting acquiree (legal parent) in these financial statements. As Scythian Inc. was deemed to be the acquirer for accounting purposes, these financial statements are presented as a continuation of Scythian Inc. Details of the purchase price consideration and allocation are shown below:

Consideration paid	Number	Price	Amount
Common shares	2,642,264	\$ 2.00	\$ 5,284,528
Warrants	2,308,792	\$ 1.57	3,886,447
Options	42,700	\$ -	-
Total Consideration	4,993,756		\$ 9,170,975
Net Assets (Liabilities) Acquired			
Cash		\$	379
Other receivables			11,816
Accounts payable and accrued liabilities			(78,508)
Due to the Company			(88,310)
Net Assets (Liabilities) Acquired			(154,623)
Listing Expense		\$	9,325,598

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

19. REVERSE TAKEOVER TRANSACTION (Continued)

The fair value of the Company's net assets and liabilities were estimated to be consistent with their carrying values due to their short-term nature. The warrant value was calculated using the Black-Scholes option pricing model using the following assumptions: share price: \$2.00; expected life: 2.13 years, expected annualized volatility: 75.51%, annual rate of dividends: 0.00%, risk-free interest rate: 1.25%. The Company paid a finder's fee of 198,800 common shares in connection with the Amalgamation. These shares were recorded at a fair value of \$2.00 per share, or \$397,600 and are included as additional listing expense on the statement of operations during the year ended March 31, 2018. The Company incurred additional listing expenses of \$267,642.

20. FINANCIAL RISK MANAGEMENT

The Company is exposed and the impact on the Company's financial statements are summarised below:

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices. The market risks to which the Company is exposed are equity price risk and interest rate risk.

- Equity price risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market. As at March 31, 2019, a 30% change in closing trade price of the Company's equity investment portfolio would impact net income by \$54,726,606 (2018: \$Nil).
- Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents, promissory notes and convertible debts held. The change in fair value of the Company's cash and cash equivalents, promissory notes and convertible debts held, due to changes of interest rates, is considered low.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency risk. From time to time, the Company holds financial instruments that are denominated in a currency other than the Canadian dollar. A significant portion of the Company's cash outflows are in United States Dollars, Euros and Great British Pounds. A significant portion of the Company's investments are denominated in foreign currencies. A 10% change in foreign currencies held would have resulted in a change in net income by \$719,647 (2018: \$96,138). During the year ended March 31, 2019, the Company recognized a foreign currency exchange loss of \$745,988 (2018: \$27,770).

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

20. FINANCIAL RISK MANAGEMENT – (Continued)

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations as they become due. A company's ability to continue as a going concern is dependent on receiving continued financial support from its stakeholders and, ultimately, on the ability to generate continued and sustainable profitable operations. The Company generates cash flow from the disposal of investments, financing activities, and dividend and interest income. The Company primarily invests in equity and debt instruments of various public and private cannabis and non-cannabis companies. Due to a lack of an active market, the return on the disposal of investments in non-publicly traded companies may differ significantly from the carrying value of these investments. As of March 31, 2019, the Company's contractual cash flows, which were payable under financial liabilities consists of accounts payables, accrued liabilities and income tax payable with payments due in less than one year. The Company's financial assets are classified as being convertible into cash in less than one year. Management is of the opinion that sufficient working capital is available from its financings, its operations and its divestitures to meet the Company's liabilities and commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Given the relatively small size of the Company's staff, senior management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash and cash equivalents is subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes.

Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Company's operating results. As at March 31, 2019, the Company has invested in equities, convertible debentures, and warrants of public and private companies in the cannabis and non-cannabis sectors. The allocation between public and private companies is as follows:

	Cost	Fair value	Percentage
Publicly listed companies	31,128,439	32,788,159	18%
Private companies	142,209,613	149,461,444	82%
Warrants in listed companies	-	172,417	-%
	173,338,052	182,422,020	100%

As at March 31, 2019 77% (2018: Nil%) of the total fair value of the Company's investments were United States based companies while 16% (2018: Nil%) and 7% (2018: Nil%) of the total fair value of the Company's investments were in Canada and Europe, respectively.

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties. The Company considers its Shareholders' equity as its capital. The Company has no externally imposed capital requirements.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- to give shareholders sustained growth in shareholder value by increasing shareholders' equity. It is the intention of the Company in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends; and
- to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk of its underlying assets. The Company has the ability to maintain or adjust its capital level to enable it to meet its objectives by:

- realizing proceeds from the disposition of its investments;
- utilizing leverage in the form of margin (due to brokers) and long-term debt from financial lenders; and
- raising capital through equity financings.

22. SUBSEQUENT EVENTS

\$50,000,000 Debt Financing

On July 8, 2019, the Company completed a \$50,000,000 private placement financing by way of the issue and sale of a senior secured non-convertible debenture ("Debenture"). The Debenture bears an interest rate of 6.0% per annum and will mature on July 8, 2021, unless such maturity date is otherwise shortened due to the occurrence of certain milestones. The Debenture may be repaid by the Company in cash or in-kind with securities held within the Company's investment portfolio. A director and senior officers of the Company and certain other shareholders each provided guarantees under the Debenture.

Acquisition of CannCure Investments Inc.

On April 8, 2019, the Company completed the acquisition of CannCure, an entity that indirectly holds a 100% interest in 3 Boys Farms, LLC. Pursuant to the terms of the agreement, the Company paid consideration of \$55,128,200 (USD\$41,207,519) which was partially satisfied by the issuance of 7,317,500 of the Company's common shares at a negotiated price of CAD \$4.00 per share totaling \$29,270,000 (USD\$21,878,878). In the event that the Company announces a binding agreement to sell 3 Boys within 24 months of the closing date, the Company will pay an earn-out structured as follows: (i) the Company and the sellers will each receive funds from the sale proceeds as reimbursement of the amounts each had invested into 3 Boys; and (ii) any remaining amount from such sale proceeds would be split, with 42% of any additional proceeds being earned by the Company and 58% of any additional proceeds being earned by the sellers. Further, if the Company fails to announce a binding agreement to sell 3 Boys within 2 years of the closing date, the Company will be required to pay the sellers \$107,025,000 (USD\$80,000,000).

Further Investment into Heavenly Rx

On July 29, 2019, the Company announced a further investment into Heavenly Rx, bringing its total investment to \$23,909,000.

Appendix "III"
MD & A

[SEE ATTACHED]



SOL Global Investments Corp.
(Formerly Scythian Biosciences Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month periods ended June 30, 2019 and 2018
(Expressed in Canadian dollars)

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Management's discussion and analysis for the three-month periods ended June 30, 2019 and 2018

INTRODUCTION

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.) (the "Company" or "SOL Global") was incorporated under the laws of the Province of Ontario, Canada on January 28, 2005. The common shares of the Company are listed on the Canadian Securities Exchange under the symbol "SOL", the OTCBK in the United States of America under the symbol "SOLCF", and on the Frankfurt Exchange under the symbol "9SB". The Canadian dollar is the Company's functional and reporting currency. Unless otherwise noted, all dollar amounts within this report are expressed in Canadian dollars. The following management discussion and analysis ("MD&A") is dated August 29, 2019 and should be read in conjunction with the audited financial statements of the Company for the years ended March 31, 2019 and 2018 (the "Financial Statements"). Additional information about the Company is available on the Company's SEDAR profile at www.sedar.com or the Company's website at <https://solglobal.com/>.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and statements ("forward-looking statements") which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Forward-looking statements reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or events to be materially different from any future results, performance or events that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Although the Company has attempted to identify important factors that could cause actual results, performance or events to differ materially from those described in the forward-looking statements, there could be other factors unknown to management or which management believes are immaterial that could cause actual results, performance or events to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or events may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Forward-looking statements contained herein are made as of the date of this MD&A and the Company assumes no responsibility to update forward looking statements, whether as a result of new information or otherwise, other than as may be required by applicable securities laws.

BUSINESS OVERVIEW

SOL Global is an international investment company with a focus on investing in cannabis and cannabis related companies in legal U.S. states, the hemp and CBD marketplaces and the emerging European cannabis and hemp marketplaces with an objective of providing shareholders with a long term return through capital appreciation, dividends and interest from its investments. If the Company believes there is a strategic reason to do so, it may also invest in companies not in the cannabis sector.

The Company's investment objectives are to provide shareholders with long-term capital appreciation by investing in an actively managed portfolio of securities of public and private companies operating in, or that derive a significant portion of their revenue from, the cannabis industry. Notwithstanding the foregoing, the Company is not exclusively focused on investments in the cannabis industry, and the Company will examine opportunities in other industries as they arise, with a view towards the Company's objective.

The Company's investment policy outlines that its objective is to seek a superior return on investments through capital generated from investment gains, interest income, dividend income, acquisition of other businesses, consultation fees and advisory services fees, predominantly (although not exclusively), through the acquisition and divestment of businesses in the cannabis and biosciences industry. The Company plans to reinvest any profits on its investments to further the growth and development of the Company's investment portfolio.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Management's discussion and analysis for the three-month periods ended June 30, 2019 and 2018

CHANGE OF BUSINESS

On August 8, 2019, the Company announced a proposed change to its business to become a U.S. multi-state operator ("MSO"). The MSO's initial assets will be in California, Michigan and Florida.

UNITED STATES REGULATORY RISK AROUND THE CANNABIS INDUSTRY

In the United States of America, the possession and/or use of cannabis or cannabis related products remains in violation of federal law as cannabis continues to be categorized as a Schedule I controlled substance under the U.S. Controlled Substances Act (the "CSA"). However, medical and adult-use cannabis has been legalized and is regulated in certain states. Thirty-three states plus the District of Columbia recognize, in some way medical use of cannabis. In addition, ten of those states plus the District of Columbia recognize, in some way adult recreational use of cannabis. As such, companies who are in the cannabis in the United States are subject to conflicting and inconsistent state and federal legislation, regulation, and enforcement. Presently, violations of federal laws and regulations in the United States of America may result in fines, penalties, administrative sanctions, convictions or settlements arising from either civil or criminal proceedings commenced by the United States federal government or private citizens. Finally, given the inconsistency in the laws at the federal and state level in the United States of America, the approach to the enforcement of cannabis laws may change at any time.

For the reasons set forth above, the Company's existing interests and operations in the United States cannabis markets may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities due to the fact that the possession and/or use of cannabis or cannabis related products remains illegal under U.S. federal law, and that enforcement of relevant laws is uncertain and, therefore, a significant risk. Readers are also encouraged to review the following sections of this MD&A: "Regulatory Developments – Regulatory Developments in the United States", "Issuers with U.S. Cannabis-Related Assets" and "Risk Factors".

As at June 30, 2019, the fair value of the Company's investments in cannabis and related investments in the United States of America totalled \$78.0 million (March 31, 2019: \$132.9 million). The fair value of non-United States of America cannabis, cannabis related investments and non-cannabis investments totalled \$112.9 million (March 31, 2019: \$49.5 million).

IFRS 10, DESIGNATION AS AN INVESTMENT COMPANY

The following criteria within IFRS 10, Financial Statements ("IFRS 10"), were assessed by the Company to determine whether it qualifies as an investment entity, as defined within IFRS 10 does the Company: (a) obtain funds from one or more investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measure and evaluate the performance of substantially all its investments on a fair value basis. As at August 1, 2018, the Company determined that it met the definition of an investment entity. As a result of this classification, effective August 1, 2018, the Company de-consolidated its subsidiaries and recognized the interests held as financial instruments classified at Fair Value through Profit and Loss.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Management's discussion and analysis for the three-month periods ended June 30, 2019 and 2018

INCOME STATEMENT ANALYSIS FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019 AND 2018

For the three-month periods ended June 30,	2019	2018	Variance
	\$	\$	\$
Loss / (Income) from investments			
Realized/Unrealized loss on equity investments	(33,479,100)	178,448	(33,657,548)
Interest and other income	887,870	102,889	784,981
Total (loss) / income from investments	(32,591,230)	281,337	(32,872,567)
Expenses			
Change in fair value of deferred share units	4,478,168	(3,004)	4,481,172
Share-based compensation	2,364,602	585,558	1,779,044
Professional fees	1,847,353	681,410	1,165,943
Transaction costs	730,164	-	730,164
General and administrative	707,843	1,077,354	(369,511)
Salaries and consulting fees	700,113	133,212	566,901
Foreign exchange (gain) loss	65,443	(158,652)	224,095
Research and development	-	913,628	(913,628)
Total expenses	10,893,686	3,229,506	7,664,180
Income loss from continuing operations	(43,484,916)	(2,948,169)	(40,536,747)

Comparison of Income Statement for the three-month periods ended June 30, 2019 and 2018

Net loss from continuing operations totalled \$43.5 million for the three-month period ended June 30, 2019, compared to a loss of \$2.9 million for the same period in the prior year. This represents an increase in the net loss of \$40.5 million. Loss from investments totalled \$32.6 million for the three-month period ended June 30, 2019, compared to other income of \$0.3 million during the same period in the prior year, which represents a negative change of \$32.9 million between periods. Total expenses were \$10.9 million for the three-month period ended June 30, 2019, compared to \$3.2 million during the same period in the prior year, which represents an increase of \$7.7 million.

Significant reasons for the changes in other loss and expenses were as follows:

- The change in realized/unrealized loss on equity investments is primarily due to a reduction in value of the Company's investment in Verano Holdings Inc. ("Verano"). Verano entered into a merger agreement with Harvest Health & Recreation Inc. ("Harvest") early in 2019. As such, the price of the Company's investment in Verano is linked to the value of the underlying Harvest shares that the Company will receive should the publicly announced merger close. As the value of the Harvest shares decreased significantly from March 31, 2019 to June 30, 2019, the Company recorded an unrealized loss of \$55.9 million on its Verano investment during the period. This loss was partially offset by an unrealized gain of \$24.3 million in the Company's investment in Heavenly Rx Ltd. The Company based its value on the Heavenly Rx Ltd invested at the per share price of its current and ongoing financing. The remaining difference is primarily attributed to a decrease in the Company's other public company investments.
- Change in fair value of deferred share units (non-cash) increased by \$4.5 million between periods. The non-cash expense will vary period over period, based on the changes in the Company's share price.
- Non-cash share-based compensation increased by \$1.8 million between periods. During the period, the following share-based compensation was issued: 2.0 million in deferred share units and 0.1 million in stock options. The value of this share-based compensation during the period was \$2.4 million.
- Professional fees increased by \$1.2 million between periods. This increase is primarily due to an increase legal fees relating to general corporate and litigation matters, public relations costs and tax structuring costs.
- Transaction costs increased by \$0.7 between periods. Transaction costs relate to legal, investigative, due diligence and professional fees related to investment acquisitions made or assessed by the Company. A number of transactions including CannCure and Heavenly Rx Ltd, closed during the period. In addition, numerous transactions are in the process of closing or were discontinued during the period.

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Management's discussion and analysis for the three-month periods ended June 30, 2019 and 2018

- General and administrative expenses decreased by \$0.4 million between periods. This is primarily due to reclassification of marketing and promotion costs and a slight decrease in travel compared to prior period.
- Salaries and consulting fees increased by \$0.6 million. This increase is due to the change in the Company's transition during the year from a small single focused bioscience company in partnership with the University of Miami for concussion studies to a global investment company with a large focus primarily in the cannabis space. As a result of this change, full-time, consultants and part time headcount increased significantly from 4 people to approximately 30 amongst 5 offices including UK, Italy, Brazil and Bahamas in addition to Toronto and Miami which had a commensurate increase in salaries and consulting fees offset by decrease usage of external consultants.
- Research and development costs decreased by \$0.9 million during the period to \$Nil. This is due to the accounting change implemented during the year whereby, under IFRS 10, the Company has designated itself as an investment company. As such Impact Biosciences Corp (formerly Scythian Biosciences Inc.) was deconsolidated and research & development costs were not recognized for the period ended June 30, 2019.

INVESTMENTS, FAIR VALUE MEASUREMENT

Fair value measurements are based on a three-level fair value hierarchy, based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Investments consisted of the following at June 30, 2019:

Financial assets measured at fair value					
	Cost	Level 1	Level 2	Level 3	Total Fair Value
Common shares	224,332,240	15,155,102	-	174,233,529	189,388,631
Warrants	5,264,034	-	-	11,631,216	11,631,216
Promissory note	-	-	-	1,464,509	1,464,509
Convertible debentures	268,926	-	-	268,926	268,926
	229,865,200	15,155,102	-	187,598,180	202,753,282

Investments consisted of the following at March 31, 2019:

Financial assets measured at fair value					
	Cost	Level 1	Level 2	Level 3	Total Fair Value
Common shares	173,338,052	32,788,159	-	149,461,444	182,249,603
Promissory note	25,656,960	-	-	26,430,183	26,430,183
Convertible debentures	1,600,000	-	-	1,400,000	1,400,000
Warrants	-	-	-	172,417	172,417
	200,595,012	32,788,159	-	177,464,044	210,252,203

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Change in level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the three-month period ended June 30, 2019 and the year ended March 31, 2019.

	Private equities	Convertible debentures	Promissory note	Warrants	Total Fair Value
Balance April 1, 2018	-	-	-	-	-
Purchases	142,209,613	1,600,000	25,656,950	-	169,466,563
Unrealized gains (losses)	7,251,831	(200,000)	773,233	172,417	7,997,481
Balance April 1, 2019	149,461,444	1,400,000	26,430,183	172,417	177,464,044
Purchases	56,415,494	3,664,034	268,926	-	60,348,454
Unrealized gains (losses)	(31,643,409)	6,567,182	-	1,292,092	(23,784,135)
CannCure Acquisition	-	-	(26,430,183)	-	(26,430,183)
Balance June 30, 2019	174,233,529	11,631,216	268,926	1,464,509	187,598,180

Significant unobservable inputs

The key assumptions the Company used in the valuation of level 3 investments include, but are not limited to, the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

	Fair value as at June 30, 2019	Fair value as at March 31, 2019	Range of Input	Valuation technique	Unobservable inputs
Private equities	174,233,529	149,461,444	N/A	Recent financings and trends in comparable companies	Period-end transaction prices
Promissory note	268,926	26,430,183	10%	Discounted cash flow method	Discount rate
Convertible debentures	11,631,216	1,400,000	42% - 175% 20% - 21%	Black-Scholes Option Pricing and effective interest rate	Expected volatility Discount rate
Warrants	1,464,509	172,417	143.26% – 174.09%	Black-Scholes Option Pricing	Expected volatility
Total	187,598,180	177,464,044			

For the Level 3 investments, the inputs used can be highly judgmental. A 10% change in the assumptions would result in a corresponding \$18,759,818 change to the total fair value of Level 3 investments. The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

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Financial assets

	June 30, 2019	March 31, 2019
Investments	\$	\$
Common shares, in public and private companies	189,388,631	182,249,603
Common share purchase warrants, in public companies	1,464,509	172,417
Total Investments	190,853,140	182,422,020
Promissory notes (private companies)	11,631,216	26,430,183
Convertible debentures, public companies	268,926	1,400,000

Investments

The Company's investments totalling \$190,853,140 (March 31, 2019: \$182,422,020) include both common shares in public companies, common shares in private companies and common share purchase warrants of public companies. The Company values its common shares of public companies at price quotations in active markets. The Company values its common shares in private companies based on various factors including, but not limited to, present market conditions, values of comparable companies, internal or external valuations, prices of recent financings by the private company, and the like. Common share purchase warrants are valued using the Black-Scholes option pricing model. The following are the assumptions used in valuing the common share purchase warrants:

	June 30, 2019	March 31, 2019
Expected volatility	123.47% - 174.60%	143.26%
Risk-free interest rate	1.38% - 1.43%	1.54%
Expected life (in years)	1.85 - 2.00	2.10
Expected dividend yield	0.0%	0.0%
Underlying share price	\$1.06 - \$3.30	\$1.59

Verano Holdings LLC.

On October 23, 2018, the Company announced a \$114,842,644 (US\$88,000,000) investment in Class B units in Verano Holdings, LLC ("Verano"), a private, Delaware organized, vertically integrated, licensed operator of cannabis cultivation, manufacturing and retail facilities across six key U.S. states and Puerto Rico. On March 11, 2019, Harvest Health & Recreation Inc. ("Harvest") (CSE: HARV) announced its intention to acquire Verano in an all share transaction for a purchase price approximating US\$850,000,000 which was based on a Harvest share price of CAD\$8.79 per share. The closing of the Harvest transaction remains subject to certain conditions and approvals customary for a transaction of this nature. The Harvest shares to be received upon closing, may be subject to certain escrow release provisions.

Verano is directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control Verano. Accordingly, the Company's investment in Verano may be considered to be "indirect industry involvement" as described under Staff Notice 51-352 (defined below). See "Regulatory Developments – Regulatory Developments in the United States", "Issuers with U.S. Cannabis-Related Assets" and "Risk Factors".

CannCure Investments Inc.

On October 11, 2018, the Company entered into a binding share purchase agreement to acquire the issued and outstanding common shares of CannCure Investments Inc ("CannCure"). At the time of signing, CannCure owned a 60% interest in 3 Boys and held an indirect contractual right and obligation to purchase the remaining 40% of 3Boys. Subsequently, CannCure completed its acquisition of the remaining 40% interest in 3Boys and now owns all 100% of the issued and outstanding common shares of 3Boys. On April 8, 2019, the Company issued 7,317,500 of its common shares as partial consideration for acquiring CannCure. Further, in the event that the Company announces a binding agreement to re-sell 3 Boys Farms within 24 months of the closing date, the Company will pay an earn-out structured as follows: (i) the Company and the selling parties will each receive funds from the sale proceeds as reimbursement of the amounts each had invested into 3 Boys Farms; and ii) any remaining amount from such sale proceeds would be split, with 42% going to the Company and 58% going to the selling parties. If the Company fails to announce a

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binding agreement to sell 3 Boys Farms within 2 years of the closing date, then the Company will pay the selling parties US\$80,000,000. The Company and/or CannCure have announced the following transactions:

- ∞ On April 23, 2019, the Company entered into a binding letter of intent with MCP Wellness, Inc. ("MCP Wellness") for US\$150 million. MCP Wellness, a special-purpose vehicle created to invest in Michigan cannabis operations, currently holds the rights to acquire two Michigan cultivation licenses, a processing license, and presently operates three (3) fully licensed cannabis provisioning centres in Michigan with a fourth provisioning centre scheduled to open in Ann Arbor in early September. A total of US\$35,000,000 in cash is due to be paid, of which US\$3,000,000 has been paid as of June 30, 2019. In addition, approximately US\$115,000,000 in the Company and/or CannCure's common stock is to be issued to the sellers.
- ∞ On May 16, 2019, pursuant to the terms of a binding letter of intent between the Company and Three Habitat Consulting Holdco Inc. ("Three Habitat"), the Company will acquire an initial six (6) California dispensary companies from Three Habitat that will be operated as "One Plant" dispensaries as well as the exclusive rights to utilize the One Plant name and intellectual property in the United States for an aggregate purchase price of US\$17,000,000, subject to adjustment based on the achievement of certain post-closing milestones. The purchase price will be satisfied by US\$5 million in cash and the remaining balance in common shares of CannCure or such other affiliate or subsidiary of the Company as determined by the parties. In addition, certain additional payments may be made based on the achievement of performance markers.
- ∞ On May 16, 2019 the Company entered into a binding letter of intent to acquire ECD, Inc., which operates as Northern Emeralds ("Northern Emeralds"), a cannabis cultivation, processing and distribution company headquartered in Humboldt County, California for an aggregate purchase price of US\$120 million, less certain adjustments. The purchase price will be satisfied by the issuance of common shares in CannCure or the Company.

As a result of these transactions, CannCure intends to open One Plant-branded dispensaries throughout California, Florida, and Michigan. All of the noted transactions remain subject to the execution of a definitive purchase agreement and the receipt of all necessary governmental, corporate, and regulatory approvals.

CannCure and 3 Boys are directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licenses. While the Company did not control CannCure or 3 Boys as at March 31, 2019, subsequent to the financial year ended March 31, 2019, the Company acquired control over CannCure and 3 Boys. Accordingly, the Company's investment in CannCure and 3 Boys may be considered to be "direct industry involvement" as described under Staff Notice 51-352 (defined below). See "*Regulatory Developments – Regulatory Developments in the United States*", "*Issuers with U.S. Cannabis-Related Assets*" and "*Risk Factors*". The Company believes that it is in compliance with U.S. state law and the related licensing framework applicable to CannCure and 3 Boys.

Formation of Heavenly Rx Ltd.

On February 25, 2019, the Company announced the formation of a new international hemp-focused company, Heavenly Rx Ltd. ("Heavenly Rx"). Heavenly Rx intends to hold controlling ownership interests in various industry-leading assets in the hemp/CBD and THC-free cannabinoid wellness space, with an initial focus on hemp cultivation, processing and the manufacturing of a diverse range of traditional CBD products including oils, tinctures, balms, and vape-ready products. Additionally, Heavenly Rx intends to include several proprietary brands across numerous consumer product group verticals such as cosmetics and beauty products, bath and body products, and infused foods (subject to governmental approvals and/or compliance). Subsequent to Heavenly Rx's formation, the following transactions have been publicly announced:

- ∞ On February 25, 2019, the Company acquired a 50.1% stake in Blüten Botanicals LLC ("Blüten") (which was subsequently assigned to Heavenly Rx). Blüten is an industry-leading hemp and hemp-derived CBD biomass farming, processing, extraction and retail company headquartered in Knoxville, Tennessee. It is expected that Blüten will become Heavenly Rx's exclusive supplier of bulk hemp-derived CBD distillates and isolate and hemp-based extracts, which will provide Heavenly with a guaranteed source (and vertical integration) of the highest quality ingredients for its burgeoning product offerings at cost-effective pricing, and will also insulate Heavenly from the volatile pricing and quality standards that exist in the hemp biomass wholesale markets.

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- ∞ On July 11, 2019, Heavenly Rx announced that it purchased 15,000,000 common shares of Jones Soda Co. ("Jones Soda") (OTCQX: JSDA), representing approximately 25% of the total of its issued and outstanding common shares, after giving effect to the issuance, for a total of US\$9,000,000. As part of its investment, Heavenly Rx was issued a warrant to acquire a further 15,000,000 common shares that, if exercised, would increase its ownership to approximately 39%. Additionally, from time to time prior to the exercise in full of the warrant, Heavenly Rx may purchase Jones Soda common shares in the open market of up to 50% percent of the number of shares purchased upon partial exercise of the warrant. The contractual restrictions on Heavenly Rx's purchase of additional shares will terminate upon the earlier of full exercise of the warrant or two years after the issuance of the warrant (or earlier with approval of Jones Soda's board of directors), at which time Heavenly Rx may make additional purchases of shares, whether in the open market or otherwise, to acquire a majority controlling interest in Jones Soda. Heavenly Rx is entitled to designate two members to Jones Soda's board of directors.
- ∞ On July 9, 2019, Heavenly Rx announced the 100% acquisition of Airganics, LLC ("Airganics") a company focused on developing high performance wellness products. The total purchase price is US\$10,000,000. With the acquisition, Heavenly Rx will own all of Airganics' associated brands including Nutri-Air, MOXE, and ENVY HEMP. Airganics' three distinct brands are uniquely poised to capture the rapidly expanding CBD wellness audience and have existing distribution in convenience-store and e-commerce channels. Their product lines include tinctures, capsules, vapes, and energy shots.
- ∞ On July 25, 2019, Heavenly Rx announced an investment into TRU Brands, Inc. ("TRU"), a company that is building out a suite of all-natural products. Under the terms of the agreement with TRU, Heavenly will acquire a 51% interest in the company for US\$3,500,000 plus US\$2,570,000 in Heavenly stock. Heavenly plans to increase its stake to 62% (or more) through ongoing capital infusions into the business.

OG DNA Genetics Inc.

On December 12, 2018, the Company invested in OG DNA Genetics Inc ("DNA Genetics"). The Company acquired an approximate 8% interest in DNA Genetics for \$13,302,633 (US\$10,000,000). DNA Genetics is recognized worldwide for its highly selective, genetics-based approach to cannabis cultivation. DNA Genetics is established in the U.S. cannabis marketplace, with two million square feet of medical canopy in California, where they have begun developing high-quality cannabis seeds for the global market. DNA Genetics is also the exclusive provider of DNA certified products to a subsidiary of one of the world's largest diversified cannabis and hemp companies based in Ontario, Canada.

DNA Genetics is directly involved in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control DNA Genetics. Accordingly, the Company's investment in DNA Genetics may be considered to be "indirect industry involvement" as described under Staff Notice 51-352 (defined below). See *"Regulatory Developments – Regulatory Developments in the United States"*, *"Issuers with U.S. Cannabis-Related Assets"* and *"Risk Factors"*.

European Cannabis Holdings

On February 27, 2019, the Company closed its latest investment in European Cannabis Holdings ("ECH"), a group of companies helping to shape the future of cannabis in Europe. This increased the Company's total investment to approximately 19% of the total issued and outstanding ordinary shares of ECH. ECH is comprised of industry-leading assets including Prohibition Partners, a leading provider of market research and strategic consultancy in the cannabis industry; Cannabis Europa, a premiere medical cannabis conference for business leaders and medical professionals; The Academy of Medical Cannabis, a first-of-its-kind cannabis education platform for medical professionals; The Medical Cannabis Clinics, a chain of private UK clinics specializing in innovative cannabis-based therapies and prescription cannabinoids; Astral Health, a platform that facilitates medical cannabis imports into Europe; and Nooro/Budca, two leading CBD brands in Europe. On June 24, 2019, the Company announced its intention to demerge into two companies with the split as follows: (1) Prohibition Partners/Cannabis Europa; and (2) The Medical Cannabis Clinics/The Academy of Medical Cannabis/Astral Health. As of June 30, 2019, the company invested \$4,578,761 (GBP 2,692,500). As of June 30, 2019, the Company's investment had appreciated by \$4,562,810.

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Greenlight Pharmaceuticals Ltd.

On January 2, 2019, the Company closed on its investment in GreenLight Pharmaceuticals Ltd. ("GreenLight"). GreenLight, headquartered in Dublin, Ireland, is a vertically integrated medical cannabis company with a clinical research and development operation, a seed genetics program, cultivation operations, and brand and distribution operations. The Company acquired a 25% stake in the issued and outstanding capital of GreenLight for \$3,095,411 (€2,000,000), with an option to increase its stake to 51 percent. In addition, the Company has an option to acquire a 75 percent stake in Greenlight for approximately €1 million in a future GreenLight subsidiary that successfully obtains a cannabis cultivation license in Ireland or Northern Ireland.

PRØHBT Media Inc.

On August 1, 2018, the Company invested \$2,289,913 (US\$1.8 million) in PRØHBT Media, Inc. ("PRØHBT"), a leading global cannabis media and brand platform. PRØHBT has built a cannabis ecosystem that includes a brand creation and product development platform, complemented by an original content studio and the first and largest multi-platform video network in the cannabis industry. In addition to PRØHBT's lifestyle destination, www.prohbt.com, video content is syndicated across 15 different partner platforms, including Apple TV, Amazon, Android TV and Dailymotions. As of June 30, 2019, the Company impaired the investment by \$2,155,913.

PRØHBT provides, among other things, consulting and media services to a variety of third parties, including those who may be directly engaged in the cultivation or distribution of marijuana. Accordingly, the Company's investment in PRØHBT may be considered to be "ancillary industry involvement" as described under Staff Notice 51-352 (defined below). See "*Regulatory Developments – Regulatory Developments in the United States*", "*Issuers with U.S. Cannabis-Related Assets*" and "*Risk Factors*".

Promissory Notes

As of June 30, 2019, a total of \$0.3 million (March 31, 2019: \$26.4 million) was held in promissory notes that were due from private companies. During the year ended March 31, 2019, the Company advanced \$25.6M (US\$19.2M) under promissory note bearing interests at 10% per annum to CannCure Investments Inc. ("CannCure") to assist CannCure in closing their 100% acquisition of 3 Boys Farms, LLC ("3 Boys"). This amount was advanced after the Company had agreed to acquire CannCure's 100% interest in 3 Boys. Upon the Company acquiring CannCure, which occurred during the three-month period ended June 30, 2019, the amount of this promissory note, including accrued interest, has been transfer to investments in private entities. Interest accrued for this promissory note as at June 30, 2019 was \$Nil (March 31, 2019: \$0.8 million).

Convertible Debentures, Public Companies

The fair value of convertible debentures in public companies totalled \$11.6 million (March 31, 2019: \$1.4 million). Convertible debentures in public companies represent an amount advanced bearing interests at 12% per annum and maturing between June 10, 2020 and December 18, 2020. If exercised, the convertible debentures will convert into common shares in the underlying businesses. Certain convertible debentures convert into units, which consist of a common share and a warrant. As of June 30, 2019, accrued interest totalled \$0.2 million (March 31, 2019: \$0.1 million). The fair value of the convertible debentures were estimated using a market discount rate of 10% and the fair value of the warrants were estimated using a Black-Scholes option pricing model with the following assumptions:

	June 30, 2019	March 31, 2019
Expected volatility	42% - 174.75%	42%
Risk-free interest rate	1.80% - 1.89%	1.80%
Expected life (in years)	1.00 – 2.00	1.72
Expected dividend yield	0.0%	0.0%
Underlying share price	\$0.08 - \$0.83	\$0.08

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SELECTED QUARTERLY FINANCIAL INFORMATION (expressed in thousands except per share amounts)

	30-June-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-18	30-Sep-17
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	(32,591)	(3,033)	(47,235)	202,683	-	-	-	-
Net (loss) income	(43,485)	3,844	(59,887)	153,966	(2,938)	(7,822)	(4,442)	(12,521)
(Loss) income per share, basic	(0.81)	\$0.10	(1.22)	4.50	(0.13)	(0.59)	(0.21)	(0.70)
Loss (income) per share, fully diluted	(0.81)	\$0.09	(1.18)	4.21	(0.07)	(0.59)	(0.21)	(0.70)
Total assets	218,785	224,073	221,084	296,137	31,250	35,104	10,028	11,980
Working capital surplus / (shortfall) ¹	171,364	189,156	58,568	249,782	27,467	33,281	9,748	11,056
Dividends	-	-	-	-	-	-	-	-

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2019, the Company had cash and cash equivalents of \$5.1 million (March 31, 2019: \$10.0 million) and positive working capital of \$171.4 million (March 31, 2019: \$189.2 million). Excluding the non-cash deferred share unit liability, positive working capital totalled \$182.8 million (March 31, 2019: \$194.2 million).

Up until the quarter ended September 30, 2018, the Company had a history of operating losses and of negative cash flows from operations. In addition, During the three-month period ended June 30, 2019, the Company had an operating loss and generated negative cash flows from operations. The Company is reliant on positive net income from continuing operations and capital markets for future funding to meet its ongoing obligations. The application of the going concern concept is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate profitable operations. Management is of the opinion that it has sufficient working capital to meet the Company's liabilities and commitments as they come due for the next twelve months.

DIVESTITURE OF LATAM HOLDINGS INC. ("LATAM")

On September 27, 2018, the Company sold its investment in LATAM to Aphria Inc. ("Aphria"). Pursuant to the transaction, Aphria indirectly acquired the following interests from the Company: (a) 49% of Marigold Projects Jamaica Limited ("Marigold Projects"). Marigold Projects had received licenses to cultivate and conditional licenses to process, sell and provide therapeutic or spa services using cannabis products in Jamaica; (b) 100% of ABP S.A., an Argentinean pharmaceutical import and distribution company, which supported a number of university hospitals to secure an import permit for cannabis oil; (c) 90% of Colcanna S.A.S., a Colombian medical cannabis producer, currently licensed for cultivation and importation of THC and CBD, extraction, production, research and exportation of medical cannabis products; and (d) the right to purchase, a Brazil asset in one or more separate tranches, of up to 90% of the common shares which the Company is seeking to acquire, The Brazilian company is seeking a medical cannabis license. As consideration, Aphria issued 15,678,310 of its common shares to the Company and Aphria agreed to assume \$1,290,210 (\$1,000,000 USD) in aggregate liabilities.

The gain on sale of LATAM was calculated as follows:

Fair market value of consideration received on closing date ⁽¹⁾	\$	297,887,890
Less: Cost related to the LATAM investment ⁽²⁾		(93,084,187)
Gain on sale of investment	\$	204,803,703

- (1) The fair market value on consideration received represents the value of 15,678,310 Aphria common shares at a September 26, 2018 closing price of \$19.00 per share, the day before the close of the transaction.
- (2) Amount includes \$93,084,187 of direct costs to acquire the LATAM investments including the fair value of the Company's 18,855,630 common shares issued as consideration to acquire LATAM and its subsidiaries totalling \$64,016,574. The amount also includes transaction costs totalling \$11,319,038.

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FINANCINGS

There have been no financings during the three-month period ended June 30, 2019.

Subsequent to the three-month period ended June 30, 2019, on July 8, 2019, the Company completed a \$50,000,000 private placement financing by way of the issue and sale of a senior secured non-convertible debenture ("Debenture"). The Debenture bears an interest rate of 6.0% per annum and will mature on July 8, 2021, unless such maturity date is otherwise shortened due to the occurrence of certain milestones. The Debenture may be repaid by the Company in cash or in-kind with securities held within the Company's investment portfolio. A director and senior officers of the Company and certain other shareholders each provided guarantees under the Debenture.

SHARE CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of common shares without par value. As at August 29, 2019, the Company's issued and outstanding shares, stock options and warrants were as follows:

	Amount
Common shares	54,629,256
Warrants	7,354,628
Warrants – double dilution ⁽¹⁾	432,848
Stock options	2,001,400
Deferred share units	1,938,358
Total fully diluted	66,356,490
Add: Shares to be issued related to the Brazil transaction ⁽²⁾	655,738
Total proforma fully diluted	67,012,228

(1) 432,848 of the warrants convert into units, with each unit consisting of one common share and one warrant.

(2) In consideration of the acquisition, the Company will issue on the closing date the value of \$2,400,000 of its common shares at an issue price equal to the volume weighted average price of the common shares over the 20 trading days prior to the closing date of the acquisition. As at September 30, 2018, the number of common shares required to be issued would have been 655,738 based on \$3.66 share price.

COMMITMENTS AND CONTINGENCIES

Transaction Commitments

On April 8, 2019, the Company completed the acquisition of the majority of the stock of CannCure, an entity that indirectly holds a 100% interest in 3 Boys Farms, LLC which is one of the original licensed medical marijuana treatment centers in Florida. In accordance with the Company's press releases dated July 29, 2019, the Company is acquiring 100% of the stock of CannCure and will pay an earnout to the previous CannCure shareholders of US\$80,000,000 in cash or stock.

On April 23, 2019, the Company entered into a binding letter of intent with MCP Wellness, Inc. ("MCP Wellness") for US\$150 million. MCP Wellness is a special-purpose vehicle created to invest in Michigan cannabis operations, currently holds the rights to acquire two Michigan cultivation licenses, a processing license, and currently operates three (3) fully licensed cannabis provisioning centres in Michigan with a fourth provisioning centre scheduled to open in Ann Arbor in early September. A total of US\$35,000,000 in cash is due to be paid, of which US\$3,000,000 has been paid as of June 30, 2019. In addition, approximately US\$115,000,000 in the Company and/or CannCure's common stock is to be issued to the sellers.

On May 16, 2019, pursuant to the terms of a binding letter of intent between the Company and Three Habitat Consulting Holdco Inc. ("Three Habitat"), the Company will acquire an initial six (6) California dispensary companies from Three Habitat that will be operated as "One Plant" dispensaries as well as the exclusive rights to utilize the One Plant name and intellectual property in the United States for an aggregate purchase price of US\$17,000,000, subject to adjustment based on the achievement of certain post-closing milestones. The purchase price will be satisfied by US\$5 million in cash and the remaining balance in common shares of CannCure or such other affiliate or subsidiary

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of the Company as determined by the parties. In addition, certain additional payments may be made based on the achievement of performance markers.

On May 16, 2019 the Company entered into a binding letter of intent to acquire ECD, Inc., which operates as Northern Emeralds ("Northern Emeralds"), a cannabis cultivation, processing and distribution company headquartered in Humboldt County, California for an aggregate purchase price of US\$120 million, less certain adjustments. The purchase price will be satisfied by the issuance of common shares in CannCure or the Company.

Lease Obligations

The Company entered into a lease agreement for office space which terminates in 2022. As required by IFRS 16, the Company has recognized a liability of \$201,874 as at June 30, 2019 (March 31, 2019 - \$218,741). The Company has accrued the full amount of this liability with the corresponding amount expensed in the profit and loss as the Company is presently not utilizing the premises. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 5.95% per annum for similar assets.

Litigation

From time to time the Company may be subject to litigation and claims against it, in ordinary course of business. The Company is aware of three actions relating to its disposal of LATAM. As such no amounts have been accrued in these financial statements.

PROMISSORY NOTE DUE TO VERANO HOLDINGS LLC

On October 23, 2018 the Company announced a binding membership interest purchase agreement ("Purchase Agreement") to sell a 100% interest in 3 Boys Farms LLC ("3 Boys"), to Verano Holdings LLC ("Verano") in exchange for \$130,976,000 (US\$100,000,000) of Class B units in Verano. Subsequent to this announcement, on April 1, 2019 the Company announced that it had entered into an agreement to terminate the Purchase Agreement with Verano. Prior to the termination, Verano elected to enter into a form of a merger agreement with Harvest Health & Recreation Inc, ("Harvest") and since Harvest already owned a Florida medical marijuana treatment centre license, the parties negotiated and finalized a termination of the Purchaser Agreement on terms that were agreeable to the Company. As a result of the termination, the Company and Verano entered into an agreement under which Verano sold certain assets to the Company and/or 3 Boys including eleven qualified and entitled dispensary sites (some of which had been purchased by Verano), a 33 acre parcel of land in Indiantown Florida and processing and manufacturing facility in exchange for a promissory note of \$6,670,000 (US\$5,000,000). The promissory note has an interest rate of 10% per annum and is payable 12 months from the date of execution. As of June 30, 2019, including accrued interest \$6,836,293 (US\$5,000,000 plus accrued interest) is payable to Verano. This amount was offset by an other receivable due from CannCure Investments Inc.

RELATED PARTY TRANSACTIONS

Parties are considered related if one party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and senior officers as key management as related parties. During the three-month period ended June 30, 2019, the Company incurred payroll related costs of \$2,134,801 (June 30, 2018: \$692,060) with related parties. As at June 30, 2019, \$7,822 (June 30, 2018: \$76,179) was included in account payable and accrued liabilities owed to related parties.

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In addition, as at June 30, 2019, \$4,418,900 is included in accounts payable and accrued liabilities related to bonus amounts due to key management accrued that had not been paid as at June 30, 2019.

For the three-month period ended June 30,	2019	2018
Salaries and consulting fees	566,748	189,854
Share-based compensation	1,568,053	502,206
Total	\$ 2,134,801	\$ 692,060

CHANGES TO MANAGEMENT, THE BOARD OF DIRECTORS AND ADVISORY BOARDS

The following changes to management and Board have occurred during the past 12 months:

- ∞ On August 8, 2019, Adam Wilks as appointed Chief Operating Officer and Mike Bondurant was appointed as Chief Strategy Officer.
- ∞ On November 1, 2018, Andy DeFrancesco was appointed Chief Investment Officer.
- ∞ On October 3, 2018, Brady Cobb was appointed Chief Executive Officer replacing Rob Reid. Rob Reid remains on the Board.
- ∞ On September 28, 2018, Peter Liabotis was appointed Chief Financial Officer replacing Jonathan Held.
- ∞ On September 4, 2018 Andy DeFrancesco was appointed to the title of Chairman of the Board.
- ∞ On August 1, 2018, Jonathan Gilbert resigned from the Board.
- ∞ On July 30, 2018, Brady Cobb was appointed to the Board.
- ∞ On July 26, 2018, George Scorsis resigned from the Board.

REGULATORY DEVELOPMENTS

The commercial medical marijuana industry is a relatively new industry and the Company anticipates that such regulations will be subject to change. The Company's operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, distribution, storage and disposal of the product candidates but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may adversely affect its operations.

Regulatory Developments in the United States

In the United States, marijuana is largely regulated at the state level. To the Company's knowledge, there are to date a total of 38 states, plus the District of Columbia, Puerto Rico and Guam that have legalized marijuana in some form either for a medicinal use and/or for adult/recreational use. Notwithstanding the permissive regulatory environment of medical marijuana at the state level, marijuana continues to be categorized as a Schedule 1 controlled substance under the Controlled Substances Act of 1970 (the "CSA") and as such, violates federal law in the United States.

The United States has a complex regulatory landscape when it comes to medical marijuana. The CSA regulates the possession, importation, manufacture, distribution and dispensing of controlled substances under United States federal law. Controlled substances are classified into schedules based on their potential for abuse by a patient or other user. Marijuana is and always has been classified as a Schedule 1 substance under the CSA. All Schedule 1 substances are subject to strict production quotas and, unlike drugs in other schedules, no medical prescription may be written for Schedule 1 substances. The CSA, does, however, permit the possession, manufacture, or distribution of marijuana or other Schedule 1 substances in furtherance of a government-approved research study.

On August 29, 2013, the then Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational marijuana programs should not be a prosecutorial priority for violations of federal law. The Cole Memorandum outlined certain priorities for the

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Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of marijuana, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to marijuana. States where medical marijuana had been legalized were not characterized as a high priority. Accompanying this memo was the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) guidance, which laid out a process for financial institutions to open accounts for marijuana-related businesses.

The United States Congress has passed appropriations bills each of the last three years that included the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016 ("Rohrabacher-Blumenauer Amendment"), which by its terms does not appropriate any federal funds to the United States Department of Justice for the prosecution of medical marijuana offenses of individuals who are in compliance with state medical marijuana laws. This enacted legislation remains in force today.

In March 2017, the then appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit; however, he disagreed that it had been implemented effectively and, on January 4, 2018, Attorney General Jeff Sessions issued a memorandum (the "Sessions Memorandum") that rescinded the Cole Memorandum, but notably did not rescind the FinCEN guidance which accompanied it. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to marijuana enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles are included in chapter 9.27.000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.

As a result of the Sessions Memorandum, federal prosecutors will be free to use their discretion to decide whether to prosecute marijuana activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such marijuana activities, and resultantly it is uncertain how actively federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical marijuana by federal prosecutors. Medical marijuana is currently protected against enforcement by enacted legislation from United States Congress in the form of the Rohrabacher-Blumenauer Amendment, which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical marijuana laws enacted at the state level, subject to Congress restoring such funding. Due to the ambiguity of the Sessions Memorandum in relation to medical marijuana, there can be no assurance that the federal government will not seek to prosecute cases involving marijuana businesses that are otherwise compliant with state law.

Subsequent to the issuance of the Sessions Memorandum on January 4, 2018, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department of Justice up and through the 2018 appropriations deadline of December 31, 2018. This provision has been extended and remains in place as of the date of this MD&A. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for

violations of federal law. If Congress restores funding, the United States government will have the right to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

Additionally, the 2018 Farm Bill passed out of both chambers of Congress and was signed into law by President Trump on December 20, 2018, and said bill includes the Hemp Farming Act. The Hemp Farming Act removes hemp and CBD products with less than .3% THC from Schedule 1 of the CSA. This will allow market participants such as the Company to cultivate, process and dispense hemp and CBD products (with less than .3% THC) throughout the United States without violating the CSA, and will also serve to open up banking and financial services for such hemp and CBD operators. Presently, the United States Food and Drug Administration has indicated that it will initiate public commentary workshops and rulemaking proceedings relative to the issuance of regulations to govern the nascent CBD marketplace and products, and such proceedings began on May 31, 2019. The FDA held a public hearing to determine the safety, manufacturing, product quality, marketing, labeling and sale of CBD products, and opened the forum to public comments on the matter. On July 12, 2019 Principal Deputy Commissioner Dr. Amy Abernethy stated via social media site Twitter that the FDA is "expediting its work to address" questions surrounding CBD and plans "to report on [its] progress around end of summer/early fall." As the FDA continues its rulemaking proceedings, the Company will be an active participant. Additionally, the STATES Act was filed in 2018 by Senator Cory Gardner (R-CO) and Elizabeth Warren (D-MA), and the STATES Act if passed will remove medical or adult use marijuana related conduct from Schedule 1 of the CSA in states where such uses/activities have been made legal by state law, so long as such operations are compliant with state law. The SAFE Banking Act (which would provide a safe harbor to banks who wish to serve the cannabis marketplace) was passed out of the House Financial Services committee in March of 2019 with a strong bipartisan vote, and was heard by the Senate Banking and Insurance Committee in July, 2019.

Although recreational use of marijuana is criminalized at the state level, medical marijuana is now legal under the Florida Constitution. The process of legalization began in 2014, when the legislature for the State of Florida passed the *Compassionate Medical Cannabis Act* which legalized a non-euphoric strain of marijuana for medical use in Florida for certain patients with terminal illnesses and certain other conditions. In November 2016, Amendment 2 to the Florida Constitution was approved which expanded the reach of the Florida Constitution to include medical marijuana to treat twenty plus medical conditions and/or those conditions that a physician would opine could be alleviated with the use of medical marijuana. The Florida legislature was granted an opportunity to draft and pass legislation to implement Amendment 2 during the 2017 legislative session, and the legislature passed, and the governor signed Senate Bill 8A, which is now codified as Fla. Stat 381.986 et seq. In the 2018 legislative session, The Florida Department of Health, Office of Medical Marijuana Use has also initiated its rule making process to create rules and regulations that implement section 381.986, and that process is ongoing. To date, several procedural and administrative rules have been enacted pertaining to pesticide use, dosing, dispensing requirements, penalties for statutory violations and other administrative matters.

On November 7, 2018 Mr. Sessions resigned from his position. As of the date of this MD&A, William Barr has been appointed and confirmed as the United States Attorney General and his position on state legal cannabis marketplaces and their interplay/compliance with the CSA has not been officially promulgated.

The Company's business and its association with the University through the pre-clinical and clinical trials of The Company's Combination Therapy, which includes the use and/or handling of marijuana as a Schedule 1 substance, is in compliance with the laws in the State of Florida and the federal laws of the United States. The University was awarded a license from the Federal Drug Enforcement Agency to conduct the R&D Agreement as a government approved research project involving marijuana in accordance with the CSA. Additionally, neither the Company nor the University are engaged in the cultivation or dispensing of medical marijuana to patients in Florida. The approach to enforcement of medical marijuana by both the State of Florida and the United States government is subject to change, and any such change in the laws relating to medical marijuana may adversely affect the Company.

CRITICAL ACCOUNTING ESTIMATES**Use of Judgement, Estimates and Assumptions**

The preparation of these Financial Statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. Judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and related disclosure. Estimates are based on various assumptions that the Company believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net earnings or loss that are not apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates. Certain areas of significant judgement include: the valuation of private company investments, the assessment of impairment of the Company's investments, the assessment as to whether significant influence exists over the Company's investments, the estimation of deferred income tax payable and the value of warrants and options.

New Accounting Policies Adopted

In January 2016, the IASB issued IFRS 16: Leases which replaces IAS 17: Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has adopted IFRS 16 and the adoption had no material impact on the financial statement as the Company had already accrued the full amount payable under a lease of office premises as a lease liability due to the fact that the Company is not using its premises. The Company's lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing which was determined to be 5.95% per annum for similar assets.

FINANCIAL RISK MANAGEMENT

The Company is exposed to certain financial risks. The impact on the Company's financial statements are summarized below:

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The market risks to which the Company is exposed are equity price risk and interest rate risk.

- ∞ Equity price risk - Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market. As at June 30, 2019, a 30% change in closing trade price of the Company's equity investment portfolio would impact net loss by \$57,255,942 (March 31, 2019: \$54,726,606).
- ∞ Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents, promissory notes and convertible debts held. The change in fair value of the Company's cash and cash equivalents, promissory notes and convertible debts held, due to changes of interest rates, is considered low.

Currency Risk

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Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency risk. The Company holds financial instruments that are denominated in a currency other than the Canadian dollar. A significant portion of the Company's cash outflows are in United States Dollars, Euros and Great British Pounds. In addition, numerous of the Company's investments are denominated in foreign currencies. A 10% change in foreign currencies held would have resulted in a change in (income)/net loss by \$55,179 (March 31, 2019: \$719,647). During the three-month period ended June 30, 2019, the Company recognized a foreign currency exchange loss of \$65,433 (March 31, 2019: loss of \$745,988). As at June 30, 2019, a 10% change in foreign exchange rate of the Company's investment portfolio would impact net loss by \$343,795 (March 31, 2019: \$489,806).

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations as they become due. A company's ability to continue as a going concern is dependent on receiving continued financial support from its stakeholders and, ultimately, on the ability to generate continued and sustainable profitable operations. The Company generates cash flow from the disposal of investments, financing activities, fees and dividend and interest income. The Company primarily invests in equity and debt instruments of various public and private companies. Due to a lack of an active market, the return on the disposal of investments in non-publicly traded companies may differ significantly from the carrying value of these investments. As of June 30, 2019, the Company's contractual cash flows, which were payable under financial liabilities consists of accounts payables and accrued liabilities as well as income tax payable with payments due in less than one year. The Company's financial assets are classified as being convertible into cash in less than one year. Management is of the opinion that sufficient working capital is available from its financings, its operations and its divestitures to meet the Company's liabilities and commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Given the relatively small size of the Company's staff, senior management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash and cash equivalents is subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes.

Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Company's operating results. As at June 30, 2019, the Company has invested in common shares, convertible debentures, and warrants of public and private companies in the cannabis and non-cannabis sectors. The allocation between public and private companies is as follows:

	Cost	Fair value	Percentage
Publicly listed companies	26,107,384	15,155,102	8%
Private companies	198,224,856	174,233,529	91%
Warrants in public companies	-	1,464,509	1%
	224,332,240	190,853,140	100%

ISSUERS WITH U.S. CANNABIS-RELATED ASSETS

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* (the “Staff Notice 51-352”), which provides specific disclosure expectations for reporting issuers in Canada that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state’s regulatory framework. All reporting issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other applicable disclosure documents in order to fairly present all material facts, risks and uncertainties about issuers with U.S. cannabis-related activities.

Such disclosure includes, but is not limited to, (i) a description of the nature of a reporting issuer’s involvement in the U.S. cannabis industry; (ii) an explanation that cannabis is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk; (iii) a discussion of statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities; and (iv) a discussion of the reporting issuer’s ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the U.S. cannabis industry, or deemed to have “ancillary industry involvement”, all as further described in Staff Notice 51-352.

In all U.S. jurisdictions in which the Company or its subsidiaries, as applicable, carries out cannabis-related activities, it (or the applicable subsidiaries) has obtained legal advice regarding compliance with applicable state regulatory frameworks, exposure and implication arising from U.S. federal laws in the states where it conducts operations. As of the date hereof, neither the Company nor its subsidiaries have received any notices of violation, denial or non-compliance from U.S. authorities, and the Company believes that the activities of its subsidiaries who are engaged in direct involvement of the cultivation or distribution of marijuana in the United States are being done in compliance with applicable state law, however strict compliance with state laws may not act as a shield to federal criminal liability. See “*Risk Factors*”.

Ability to Access Public and Private Capital

The Company has historically had access to both public and private capital in Canada in order to continue to support its continuing operations, including public and/or private equity offerings of its common shares, warrants, convertible debentures and notes. The Company’s executive team and the Board also have extensive relationships with sources of private capital (such as funds and high net worth individuals), that could potentially be available. Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company’s projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to issuers that are involved in the cannabis industry. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. See “*Risk Factors*”.

RISK FACTORS

There are a number of risk factors that could cause future results to differ materially from those described in forward-looking statements. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

- ∞ The Company will require additional financing from time to time in order to pursue its business objectives and fund its ongoing and future operations and the failure to raise such capital on satisfactory terms or at all could result in the delay or indefinite postponement of current business objectives or the going out of business. In addition,
- ∞ Funding may be difficult to obtain given the fact that part of the Company's business is materially investing into cannabis companies in the United States of America, where federally cannabis is illegal by virtue of the fact that it is categorized as a Schedule I controlled substance under the U.S. Controlled Substances Act.
- ∞ Servicing the Company's debt will require a significant amount of cash, and the Company may not have significant cash flow from the Company's business to pay the Company's debt.
- ∞ If additional funds are raised by the Company through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution.
- ∞ Laws, regulations and the policies with respect to the enforcement of such laws and regulations affecting the U.S. cannabis industry are constantly changing, which could detrimentally affect the Company's current or proposed business operations.
- ∞ The market price of securities of companies involved in the cannabis industry (such as the Company) have historically been very volatile and subject to wide fluctuations in response to various factors, many of which are beyond the Company's control. Such volatility, whether resulting from external market forces or as a result of the Company's failure to meet expectations, downward revision in analysts' estimates or other adverse changes, could negative affect the market price of the Company's securities or impair the liquidity of the Company's securities.
- ∞ The U.S. federal government's approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.
- ∞ The business of the Company, while believed to be compliant with applicable U.S. state and local laws, currently are illegal under U.S. federal law.
- ∞ The Company may have difficulty accessing the service of banks or other essential services, which may make it difficult to operate.
- ∞ Certain events or developments in the cannabis business generally may affect the Company's business, its reputation or the market price of the Company's securities.
- ∞ U.S. border officers could deny entry into the United States to non-U.S. citizens who are employees of or investors in companies with cannabis operations in the United States or Canada.
- ∞ The Company may become party to litigation or regulatory proceedings which could negatively affect the Company's business, financial condition and results of operations, or harm the Company's reputation. Such risks could arise regardless of the ultimate outcome of the litigation or regulatory proceedings.
- ∞ The Company has and may continue to invest in securities of private companies which may limit the Company's ability to sell or otherwise transfer those securities and/or direct management decisions of such companies
- ∞ The Company may hold minority interests in such companies, which may limit the Company's ability to sell or otherwise transfer those securities and/or direct management decisions of such companies.
- ∞ There is no assurance that an investment in the Company's securities will earn any positive return.
- ∞ Third parties with whom the Company does business may perceive themselves as being exposed to reputational risk because of their relationship with the Company and may refuse to do business with the Company.
- ∞ Conflicts of interest may arise between the Company and the Company's directors and officers.
- ∞ The Company's investments in the United States may be subject to heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States.

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- ∞ Up until the fiscal year ended March 31, 2019, the Company had incurred significant operating losses since inception and substantially all losses have resulted from expenses incurred in connection with research and development and general and administrative costs associated with operations plus costs related to the Company's previous business objectives in the mining industry. The Company may not be able to achieve or maintain profitability and may incur significant losses in the future.
- ∞ The Company is subject to all of the business risks and uncertainties associated with an early-stage enterprise including under-capitalization, cash shortages, limitations with respect to personnel, lack of effective internal controls, financial and other resources and lack of revenues.
- ∞ The requirements of being a public company may strain the Company's resources, result in more litigation and divert the attention of the Company's management.
- ∞ Any failure by the Company to maintain effective internal controls over financial reporting could have an adverse effect on the Company.
- ∞ The Company's success depends on the ability, expertise, judgment, discretion and good faith of its senior management, and the loss of services of such individuals, or an inability of the Company to attract, retain and motivate sufficient numbers of qualified senior management or skilled personnel could adversely affect the Company's business, financial condition and results of operations.
- ∞ Prior to obtaining regulatory approval for the sale of product candidates, the Company or companies that the Company has invested in must conduct pre-clinical testing and clinical trials, the results of which are uncertain and may not be favourable and are subject to delay, suspension or termination by the Company, the companies that the Company has invested in or other regulatory authorities for a variety of reasons.
- ∞ The Company or companies that the Company has invested in its ability to compete and grow will depend on it having access at a reasonable cost and in a timely manner to skilled labour, equipment, parts and components and no assurance can be provided that such resources will be available on favourable terms or at all.
- ∞ The Company or companies that the Company has invested in may face intense competition from other companies, some of which may have longer operating histories, more financial resources and manufacturing and marketing experience than the Company.
- ∞ Any decision to declare any dividends in the future will be made at the discretion of the Company's board of directors, and will depend on financial results, cash requirements, contractual restrictions and other factors that they may deem relevant. The Company currently has no dividends on record and may not pay any dividends in the foreseeable future. In addition, any dividends paid could be subject to tax and, potentially, withholdings.
- ∞ The Company or companies that the Company has invested in may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls and the inability to manage growth could adversely affect the Company's business, financial condition and results of operations.
- ∞ The success of the companies in which the Company has invested in depends in part on their ability to protect their ideas and technology, and no assurance can be given that they will be able to adequately protect their intellectual property in all relevant jurisdictions or that they will be successful in defending their intellectual property against claims by third parties that such intellectual property is invalid or infringes upon the intellectual property of others.
- ∞ There is uncertainty surrounding the policies of President Donald Trump and the Trump administration and their ability to influence policies in opposition to the cannabis industry as a whole.
- ∞ The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations in the United States and Canada.
- ∞ The Company relies on the operators of the companies to which it invests to execute their respective business plans and operations.
- ∞ Cannabis cultivation operations of certain companies to which the Company has invested are subject to risks inherent in an agricultural business, are vulnerable to rising energy costs and dependent upon key inputs.

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- ∞ The cannabis industry is highly regulated and the Company or the companies to which it invests, as applicable, may not always succeed in complying fully with all applicable regulatory requirements in all jurisdictions where the Company or the companies to which it invests carries on business.
- ∞ Cannabis pricing and supply regulation may adversely affect the Company's business or that of the companies to which it invests.
- ∞ The sale of cannabis products is subject to stringent regulatory limitations on advertising and marketing activities.

OTHER CORPORATE DEVELOPMENTS AND HIGHLIGHTS

On August 15, 2018, the Company commenced trading on the Canadian Securities Exchange (the "CSE"). The Company voluntarily delisted its shares from the TSX Venture Exchange on August 17, 2018. On February 22, 2018, the Company commenced trading on the OCTQB.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

LISTING OF KEY COMPANY PERSONNEL

Board of Directors: Roger Rai (independent), Rob Reid, Brady Cobb and Andy DeFrancesco

Senior Officers: Brady Cobb, (Chief Executive Officer); Peter Liabotis, (Chief Financial Officer); Andy DeFrancesco, (Chief Investment Officer); Adam Wilks (Chief Operating Officer), Mike Bondurant (Chief Strategy Officer), Michael Barnes (Chief Medical Officer); and Maghsoud Dariani (Chief Science Officer).



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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended March 31, 2019 and 2018
(Expressed in Canadian dollars)

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.)

Management's discussion and analysis for the years ended March 31, 2019 and 2018

INTRODUCTION

SOL Global Investments Corp. (formerly Scythian Biosciences Corp.) (the "Company" or "SOL Global") was incorporated under the laws of the Province of Ontario, Canada on January 28, 2005. The common shares of the Company are listed on the Canadian Securities Exchange under the symbol "SOL", the OTCQB in the United States of America under the symbol "SOLCF", and on the Frankfurt Exchange under the symbol "9SB". The Canadian dollar is the Company's functional and reporting currency. Unless otherwise noted, all dollar amounts within this report are expressed in Canadian dollars. The following management discussion and analysis ("MD&A") is dated July 29, 2019 and should be read in conjunction with the audited financial statements of the Company for the years ended March 31, 2019 and 2018 (the "Financial Statements"). Additional information about the Company is available on the Company's SEDAR profile at www.sedar.com or the Company's website at <https://solglobal.com/>. The Financial Statements and the MD&A were reviewed by the audit committee and approved by the board of directors of the Company (the "Board") on July 29, 2019.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and statements ("forward-looking statements") which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Forward-looking statements reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or events to be materially different from any future results, performance or events that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Although the Company has attempted to identify important factors that could cause actual results, performance or events to differ materially from those described in the forward-looking statements, there could be other factors unknown to management or which management believes are immaterial that could cause actual results, performance or events to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or events may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Forward-looking statements contained herein are made as of the date of this MD&A and the Company assumes no responsibility to update forward looking statements, whether as a result of new information or otherwise, other than as may be required by applicable securities laws.

BUSINESS OVERVIEW

SOL Global is an international investment company with a focus on investing in cannabis and cannabis related companies in legal U.S. states, the hemp and CBD marketplaces and the emerging European cannabis and hemp marketplaces with an objective of providing shareholders with a long term return through capital appreciation, dividends and interest from its investments. The Company may also invest in companies not in the cannabis sector, if the Company believes there is a strategic reason to do so.

The Company's investment objectives are to provide shareholders with long-term capital appreciation by investing in an actively managed portfolio of securities of public and private companies operating in, or that derive a significant portion of their revenue from, the cannabis industry. Notwithstanding the foregoing, the Company is not exclusively focused on investments in the cannabis industry, and the Company will examine opportunities in other industries as they arise, with a view towards the Company's objective.

The Company's investment policy outlines that the Company's objective is to seek a superior return on investments through capital generated from investment gains, interest income, dividend income, acquisition of other businesses, consultation fees and advisory services fees, predominantly (although not exclusively), through the acquisition and divestment of businesses in the cannabis and biosciences industry. The Company plans to reinvest any profits on its investments to further the growth and development of the Company's investment portfolio.

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UNITED STATES REGULATORY RISK AROUND THE CANNABIS INDUSTRY

In the United States of America, the possession and/or use of cannabis or cannabis related products remains in violation of federal law as cannabis continues to be categorized as a Schedule I controlled substance under the U.S. Controlled Substances Act (the "CSA"). However, medical and adult-use cannabis has been legalized and is regulated in certain states. Thirty-three states plus the District of Columbia recognize, in some way medical use of cannabis. In addition, ten of those states plus the District of Columbia recognize, in some way adult recreational use of cannabis. As such, companies who are in the cannabis in the United States are subject to conflicting and inconsistent state and federal legislation, regulation, and enforcement. Presently, violations of federal laws and regulations in the United States of America may result in fines, penalties, administrative sanctions, convictions or settlements arising from either civil or criminal proceedings commenced by the United States federal government or private citizens. Finally, given the inconsistency in the laws at the federal and state level in the United States of America, the approach to the enforcement of cannabis laws may change at any time.

For the reasons set forth above, the Company's existing interests and operations in the United States cannabis markets may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities due to the fact that the possession and/or use of cannabis or cannabis related products remains illegal under U.S. federal law, and that enforcement of relevant laws is uncertain and, therefore, a significant risk. Readers are also encouraged to review the following sections of this MD&A: "Regulatory Developments – Regulatory Developments in the United States", "Issuers with U.S. Cannabis-Related Assets" and "Risk Factors".

As at March 31, 2019, the fair value of the Company's investments in cannabis and related investments in the United States of America totalled \$132.9 million (2018: \$Nil). The fair value of non-United States of America cannabis and related investments totalled \$49.5 million (2018: \$Nil).

IFRS 10, DESIGNATION AS AN INVESTMENT COMPANY

The following criteria within IFRS 10, Financial Statements ("IFRS 10"), were assessed by the Company to determine whether it qualifies as an investment entity, as defined within IFRS 10: (a) Does the Company obtain funds from one or more investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all its investments on a fair value basis. As at August 1, 2018, the Company determined that it met the definition of an investment entity. As a result of this classification, effective August 1, 2018, the Company deconsolidated its subsidiaries and recognized the interests held as financial instruments classified at Fair Value through Profit and Loss. The comparative financial statements were not restated to deconsolidate subsidiaries held as at March 31, 2018.

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INCOME STATEMENT ANALYSIS FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

For the year ended March 31,	2019	2018	Variance
	\$	\$	\$
Other Income			
Gain on sale of LATAM Holdings Inc.	204,803,703	-	204,803,703
Realized/Unrealized loss on equity investments	(53,173,171)	-	(53,173,171)
Loss on disposal of Go Green B.C. Medical Marijuana Ltd	-	(234,675)	234,675
Interest and other income	784,824	141,054	643,770
Total other income	152,415,356	(93,621)	152,508,977
Expenses			
Salaries and consulting fees	16,454,238	1,748,789	14,705,449
Transaction costs	7,014,293	-	7,014,293
General and administrative	4,798,644	1,227,612	3,571,032
Stock based compensation	5,914,980	6,714,790	(799,810)
Research and development	2,679,322	3,137,653	(458,331)
Professional fees	1,472,751	1,066,855	405,896
Foreign exchange loss	745,988	27,770	718,218
Listing expenses	28,651	9,990,840	(9,962,189)
Change in fair value of deferred share units	(522,829)	1,780,637	(2,303,466)
Total expenses	38,586,038	25,694,947	12,891,092
Income (loss) before the following:	113,829,318	(25,788,567)	139,617,885
Loss on deconsolidation of Impact Biosciences Corp.	(3,080,653)	-	(3,080,653)
Net income (loss) before income taxes	110,748,665	(25,788,567)	136,537,232
Deferred income taxes	(1,197,891)	-	(1,197,891)
Current income taxes	(14,565,109)	-	(14,565,109)
Net income (loss) from continuing operations	94,985,665	(25,788,567)	120,774,232

Comparison of Income Statement for the Years End March 31, 2019 and 2018

Other income totalled \$152.4 million for the year ended March 31, 2019, compared to loss of (\$0.1 million) during the same period in the prior year, which represents an increase of \$152.5 million. Total expenses were \$38.6 million for the year ended March 31, 2019, compared to \$25.7 million during the same period in the prior year, which represents an increase of \$12.9 million.

The key reasons for the changes in other income and expenses were as follows:

- As consideration for the sale of LATAM, the Company received 15,678,310 common shares of Aphria Inc. Net of costs related to LATAM, the Company recorded a gain of \$204.8 million (2018: \$Nil).
- Realized and unrealized loss on equity investments totalled \$53.2 million (2018: \$Nil) relating to the fair value market change and the sale of equity investments. The vast majority of this loss relates to the decrease in the share price of Aphria between the date of closing of the LATAM transaction (\$19.00 per share) and the average sale price (\$15.63 per share) of the sold portion of the Company's position in Aphria.
- Salary and consulting fees increased by \$14.7 million. This increase is due to the change in the Company's transition during the year from a small single focused bioscience company in partnership with the University of Miami for concussion studies to a global investment company with a large focus primarily in the cannabis space. As a result of this change, full-time, consultants and part time headcount increased significantly from 4 people to approximately 30 amongst 5 offices including UK, Italy, Brazil and Bahamas in addition to Toronto and Miami which had a commensurate increase in salaries and consulting fees. In addition, the Company had a successful year financially which increased the bonus pool year over year. Salaries and bonuses increased by \$13.2 million (which included legacy payments to former directors and senior officers during the year totalling \$1.5 million), between years. The Company also engaged numerous consultants during the year as a result of the increase in its business activities. As such, consulting fees increased by more than \$1.5 million

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between years. Transaction costs increased by \$7.0 million between years. Numerous deals, including Verano, CannCure, Heavenly Rx, OG DNA Genetics, European Cannabis Holdings, Greenlight and PRØHBTDClosed during the year. In addition, numerous transactions are in the process of closing or were discontinued. Transaction costs relate to legal, investigative, due diligence and professional fees related to investment acquisitions made or assessed by the Company.

- General and administrative fees increased by \$3.6 million between years due to increased use of public relations, advisory and consulting firms that were hired primarily as a result of the negative coverage due to the fraudulent and misrepresented short report issued.
- Stock-based compensation decreased by \$0.8 million between years as a result of decreased equity offering to full time employees compared to prior years. This year following were issued 0.8 million deferred share units, 1.3 million stock options and 1.6 million committed deferred share units but not yet issued.
- The change in value of deferred share units decreased by \$2.3 million. The change in fair value of deferred share units will vary period over period, based on the changes in the Company's share price.
- Research and development fees related to the collaborative research agreement with the University of Miami decreased by \$0.5 million between years due to the deconsolidation of Impact Biosciences Corp. ("Impact").
- Professional fees increased by \$0.4 million due primarily to an increase in legal fees related to the listing in CSE, NASDAQ, name change, shareholder meetings and general business activities.
- \$Nil (2017: \$10.0 million) in listing fees were expensed.
- Current income taxes totalled \$14.6 million (2018: \$Nil) while deferred income taxes totalled \$1.2 million (2018: \$Nil)
- Loss on deconsolidation of Impact totalled and increased by \$3.1 million during the year. This is due to the accounting change implemented during the year whereby, under IFRS 10, the Company has designated itself as an investment company. As such Impact Biosciences Corp (formerly Scythian Biosciences Inc.) was deconsolidated.

INVESTMENTS, FAIR VALUE MEASUREMENT

Fair value measurements are based on a three-level fair value hierarchy, based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Investments consisted of the following at March 31, 2019:

Financial assets measured at fair value					
	Cost	Level 1	Level 2	Level 3	Total Fair Value
Equities	173,338,052	32,788,159	-	149,461,444	182,249,603
Warrants	-	-	-	172,417	172,417
Promissory note	25,656,960	-	-	26,430,183	26,430,183
Convertible debentures	1,600,000	-	-	1,400,000	1,400,000
	200,595,012	32,788,159	-	177,464,044	210,252,203

Change in Level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended March 31, 2019.

	Private equities	Convertible debentures	Promissory note	Warrants	Total Fair Value
Balance April 1, 2018	-	-	-	-	-
Purchases	142,209,613	1,600,000	25,656,950	-	143,409,361
Unrealized gains (losses)	7,251,831	(200,000)	773,233	172,417	7,224,248
Balance March 31, 2019	149,461,444	1,400,000	26,430,183	172,417	177,464,044

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Significant unobservable inputs

The key assumptions the Company used in the valuation of level 3 investments include and are not limited to the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

	Fair value as at March 31, 2019	Valuation technique	Unobservable inputs	Range of inputs
Private equities	149,461,444	Recent financings and trends in comparable companies	Year end transaction prices	N/A
Promissory note	26,430,183	Discounted cash flow method	Discounted rate	10%
Convertible debenture	1,400,000	Black-Scholes Option Pricing and effective interest rate	Expected volatility Discount rate	42% 20%
Warrants	172,417	Black-Scholes Option Pricing	Expected volatility	143.26%
	177,464,044			

For these Level 3 investments, the inputs used can be highly judgmental. A 10% increase or decrease in the assumptions will result in a corresponding \$17,746,404 change to the total fair value of Level 3 investments.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

Financial assets

	March 31, 2019	March 31, 2018
Investments	\$	\$
Common shares, in public and private companies	182,249,603	-
Common share purchase warrants, in public companies	172,417	-
Total Investments	182,422,020	-
Promissory notes (private companies)	26,430,183	-
Convertible debentures, public companies	1,400,000	-

Investments

The Company's investments totalling \$182,422,020 (2018: \$Nil) include both common shares in public companies and common share purchase warrants of public companies. The Company values its shares of public companies at price quotations in active markets. Common share purchase warrants are valued using the Black-Scholes option pricing model.

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Verano Holdings LLC.

On October 23, 2018, the Company announced a \$114,842,644 (USD\$88,000,000) investment in Class B units in Verano Holdings, LLC ("Verano"), a private, Delaware organized, vertically integrated, licensed operator of cannabis cultivation, manufacturing and retail facilities across six key U.S. states and Puerto Rico. On March 11, 2019, Harvest Health & Recreation Inc. ("Harvest") (CSE: HARV) announced its intention to acquire Verano in an all share transaction for a purchase price approximating USD\$850,000,000 which was based on a Harvest share price of CAD\$8.79 per share. The closing of the Harvest transaction remains subject to certain conditions and approvals customary for a transaction of this nature. The Harvest shares to be received upon closing, may be subject to certain escrow release provisions.

Verano is directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control Verano. Accordingly, the Company's investment in Verano may be considered to be "indirect industry involvement" as described under Staff Notice 51-352 (defined below). See *"Regulatory Developments – Regulatory Developments in the United States"*, *"Issuers with U.S. Cannabis-Related Assets"* and *"Risk Factors"*.

CannCure Investments Inc.

On October 11, 2018, the Company entered into a binding share purchase agreement to acquire the issued and outstanding common shares of CannCure Investments Inc ("CannCure"). At the time of signing, CannCure owned a 60% interest in 3 Boys and held an indirect contractual right and obligation to purchase the remaining 40% of 3Boys. Subsequently, CannCure completed its acquisition of the remaining 40% interest in 3Boys and now owns all 100% of the issued and outstanding common shares of 3Boys. Subsequent to year end, on April 8, 2019 the Company issued 7,317,500 of its common shares as partial consideration for acquiring CannCure. Further, in the event that the Company announces a binding agreement to re-sell 3 Boys Farms within 24 months of the closing date, the Company will pay an earn-out structured as follows: (i) the Company and the selling parties will each receive funds from the sale proceeds as reimbursement of the amounts each had invested into 3 Boys Farms; and ii) any remaining amount from such sale proceeds would be split, with 42% going to the Company and 58% going to the selling parties. If the Company fails to announce a binding agreement to sell 3 Boys Farms within 2 years of the closing date, then the Company will pay the selling parties \$106,776,000 (US\$80,000,000). Subsequent to the acquisition of CannCure by the CannCure announced the following transactions:

- ∞ On April 24, 2019, CannCure entered into a binding letter of intent) with cannabis-focused private equity firm Merida Capital Partners ("Merida") to acquire Merida's Michigan subsidiary, MCP Wellness, Inc. ("MCP Wellness") for an aggregate purchase price of US\$150 million. MCP Wellness, a special-purpose vehicle created to invest in Michigan cannabis operations, currently holds the rights to acquire two Michigan cultivation licenses, a processing license, and 4 licensed cannabis provisioning centers in Michigan.
- ∞ On May 16, 2019, CannCure entered into letters of intent to acquire ECD, Inc., which operates as Northern Emeralds ("Northern Emeralds"), an industry leading cannabis cultivation, processing and distribution company headquartered in Humboldt County, California, as well as six (6) licensed dispensary companies in California that will subsequently operate under the nationally recognized "One Plant" brand. CannCure will acquire Northern Emeralds for an aggregate purchase price of US\$120 million, less certain adjustments. The purchase price will be satisfied by the issuance of common shares in CannCure or such other subsidiary or affiliate of the CannCure. Pursuant to the terms of the agreement between the CannCure and Three Habitat Consulting Holdco Inc. ("Three Habitat"), the CannCure will acquire six California dispensary companies from Three Habitat for an aggregate purchase price of US\$17,000,000, subject to adjustment based on the achievement of certain post-closing milestones. The purchase price will be satisfied by USD\$5,000,000 in cash and the remaining balance in common shares of CannCure or such other affiliate or subsidiary of the CannCure as determined by the parties.

As a result of these transactions, CannCure intends to open One Plant-branded dispensaries throughout California, Florida, and Michigan. All of the noted transactions remain subject to the execution of a definitive purchase agreement and the receipt of all necessary governmental, corporate, and regulatory approvals.

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Further, on May 30, 2019, the Company announced that Goldstream Minerals Inc. ("Goldstream") and CannCure have entered into a letter of intent outlining the proposed terms and conditions pursuant to which Goldstream and CannCure will effect a business combination that will result in a reverse takeover of Goldstream by the shareholders of CannCure.

CannCure and 3 Boys are directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licences. While the Company did not control CannCure or 3 Boys as at March 31, 2019, subsequent to the financial year ended March 31, 2019, the Company acquired control over CannCure and 3 Boys. Accordingly, the Company's investment in CannCure and 3 Boys may be considered to be "direct industry involvement" as described under Staff Notice 51-352 (defined below). See "*Regulatory Developments – Regulatory Developments in the United States*", "*Issuers with U.S. Cannabis-Related Assets*" and "*Risk Factors*". The Company believes that it is in compliance with U.S. state law and the related licensing framework applicable to CannCure and 3 Boys.

Formation of Heavenly Rx

On February 25, 2019, the Company announced the formation of a new international hemp-focused company, Heavenly Rx Ltd. ("Heavenly Rx"). Heavenly Rx intends to hold controlling ownership interests in various industry-leading assets in the hemp/CBD and THC-free cannabinoid wellness space, with an initial focus on hemp cultivation, processing and the manufacturing of a diverse range of traditional CBD products including oils, tinctures, balms, and vape-ready products. Additionally, Heavenly Rx intends to include several proprietary brands across numerous consumer product group verticals such as cosmetics and beauty products, bath and body products, and infused foods (subject to governmental approvals and/or compliance). Subsequent to Heavenly Rx's formation, the following transactions have been announced:

- ∞ On February 25, 2019, the Company acquired a 50.1% stake in Blüten Botanicals LLC ("Blüten") (which was subsequently assigned to Heavenly Rx). Blüten is an industry-leading hemp and hemp-derived CBD biomass farming, processing, extraction and retail company headquartered in Knoxville, Tennessee. It is expected that Blüten will become Heavenly Rx's exclusive supplier of bulk hemp-derived CBD distillates and isolate and hemp-based extracts, which will provide Heavenly with a guaranteed source (and vertical integration) of the highest quality ingredients for its burgeoning product offerings at cost-effective pricing, and will also insulate Heavenly from the volatile pricing and quality standards that exist in the hemp biomass wholesale markets.
- ∞ On July 11, 2019, Heavenly Rx announced that it purchased 15,000,000 common shares of Jones Soda Co. ("Jones Soda") (OTCQX: JSDA), representing approximately 25% of the total of its issued and outstanding common shares, after giving effect to the issuance, for a total of USD\$9,000,000. As part of its investment, Heavenly Rx was issued a warrant to acquire a further 15,000,000 common shares that, if exercised, would increase its ownership to approximately 39%. Additionally, from time to time prior to the exercise in full of the warrant, Heavenly Rx may purchase Jones Soda common shares in the open market of up to 50% percent of the number of shares purchased upon partial exercise of the warrant. The contractual restrictions on Heavenly Rx's purchase of additional shares will terminate upon the earlier of full exercise of the warrant or two years after the issuance of the warrant (or earlier with approval of Jones Soda's board of directors), at which time Heavenly Rx may make additional purchases of shares, whether in the open market or otherwise, to acquire a majority controlling interest in Jones Soda. Heavenly Rx is entitled to designate two members to Jones Soda's board of directors.
- ∞ On July 9, 2019, Heavenly Rx announced the 100% acquisition of Airganics, LLC ("Airganics") a company focused on developing high performance wellness products. The total purchase price is USD\$10,000,000. With the acquisition, Heavenly Rx will own all of Airganics' associated brands including Nutri-Air, MOXE, and ENVY HEMP. Airganics' three distinct brands are uniquely poised to capture the rapidly expanding CBD wellness audience and have existing distribution in convenience-store and e-commerce channels. Their product lines include tinctures, capsules, vapes, and energy shots.

OG DNA Genetics Inc.

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On December 12, 2018, the Company invested in OG DNA Genetics Inc ("DNA Genetics"). The Company acquired an approximate 8% interest in DNA Genetics for \$13,302,633 (USD\$10,000,000). DNA Genetics is recognized worldwide for its highly selective, genetics-based approach to cannabis cultivation. DNA Genetics is established in the U.S. cannabis marketplace, with two million square feet of medical canopy in California, where they have begun developing high-quality cannabis seeds for the global market. DNA Genetics is also the exclusive provider of DNA certified products to a subsidiary of one of the world's largest diversified cannabis and hemp companies based in Ontario, Canada.

DNA Genetics is directly involved in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control DNA Genetics. Accordingly, the Company's investment in DNA Genetics may be considered to be "indirect industry involvement" as described under Staff Notice 51-352 (defined below). See *"Regulatory Developments – Regulatory Developments in the United States"*, *"Issuers with U.S. Cannabis-Related Assets"* and *"Risk Factors"*.

European Cannabis Holdings

On February 27, 2019, the Company closed its latest investment in European Cannabis Holdings ("ECH"), a group of companies helping to shape the future of cannabis in Europe. This increased the Company's total investment to approximately 19% of the total issued and outstanding ordinary shares of ECH. ECH is comprised of industry-leading assets including Prohibition Partners, a leading provider of market research and strategic consultancy in the cannabis industry; Cannabis Europa, a premiere medical cannabis conference for business leaders and medical professionals; Nooro/Budca, two leading CBD brands in Europe; The Academy of Medical Cannabis, a first-of-its-kind cannabis education platform for medical professionals; The Medical Cannabis Clinics, a chain of private UK clinics specializing in innovative cannabis-based therapies and prescription cannabinoids; and Astral Health, a platform that facilitates medical cannabis imports into Europe. As of March 31, 2019, the company invested \$4,578,761 (GBP 2,692,500). As of March 31, 2019, the Company's investment in European Cannabis Holdings appreciated by \$4,562,810.

Greenlight Pharmaceuticals Ltd.

On January 2, 2019, the Company closed on its investment in GreenLight Pharmaceuticals Ltd. ("GreenLight"). GreenLight, headquartered in Dublin, Ireland, is a vertically integrated medical cannabis company with a clinical research and development operation, a seed genetics program, cultivation operations, and brand and distribution operations. The Company acquired a 25% stake in the issued and outstanding capital of GreenLight for \$3,095,411 (€2,000,000), with an option to increase its stake to 51 percent. In addition, the Company has an option to acquire a 75 percent stake in Greenlight for approximately €1 million in a future GreenLight subsidiary that successfully obtains a cannabis cultivation license in Ireland or Northern Ireland.

PRØHBTD Media Inc.

On August 1, 2018, the Company invested \$2,289,913 (USD\$1.8 million) in PRØHBTD Media, Inc. ("PRØHBTD"), a leading global cannabis media and brand platform. PRØHBTD has built a cannabis ecosystem that includes a brand creation and product development platform, complemented by an original content studio and the first and largest multi-platform video network in the cannabis industry. In addition to PRØHBTD's lifestyle destination, www.prohbtd.com, video content is syndicated across 15 different partner platforms, including Apple TV, Amazon, Android TV and Dailymotions. As of March 31, 2019, the Company impaired the investment by \$2,155,913.

PRØHBTD provides, among other things, consulting and media services to a variety of third parties, including those who may be directly engaged in the cultivation or distribution of marijuana. Accordingly, the Company's investment in PRØHBTD may be considered to be "ancillary industry involvement" as described under Staff Notice 51-352 (defined below). See *"Regulatory Developments – Regulatory Developments in the United States"*, *"Issuers with U.S. Cannabis-Related Assets"* and *"Risk Factors"*.

Promissory Notes

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A total of \$26,430,183 (2018: \$Nil) is held in promissory notes that are due from private companies. In December 2018, the Company advanced \$25,656,960 (USD\$19,200,000) under promissory note bearing interests at 10% per annum to CannCure Investments Inc. ("CannCure") to assist CannCure in closing their 100% acquisition of 3 Boys Farms, LLC ("3 Boys"). This amount was advanced after the Company had agreed to acquire CannCure's 100% interest in 3 Boys. Upon the Company acquiring CannCure, which occurred subsequent to year end on April 8, 2019, this amount was added into the consideration for the purchase price paid. The interest accrued for this promissory note as at March 31, 2019 is \$773,223. The Company holds an unrelated promissory note with a private company totalling \$400,252 (2018: \$Nil), which has been fully impaired.

Convertible Debentures, Public Companies

The fair value of convertible debentures in public companies totalled \$1,400,000 (2018: \$Nil). Convertible debentures in public companies represent an amount advanced bearing interests at 12% per annum and maturing on December 18, 2020. Pursuant to the terms of the convertible debenture, the Company has the option to convert the principal amount of the debentures into units in the investee. Each unit consists of one common share and one common share purchase warrant with an exercise price of \$0.09 per share (before December 18, 2019) or \$0.10 per share (between December 19, 2019 and December 18, 2020) for both the underlying share and the common share purchase warrant. Accrued interest as of March 31, 2019 totalled \$54,181 (2018: \$Nil). The fair value of the convertible debentures was estimated using a market a discount rate of 20% and the fair value of the warrants was estimated using a Black-Scholes option pricing model. The fair value of the convertible debentures at the issuance was more than the amount advanced. In accordance with IFRS 13, a day 1 gain should not be recognized. Accordingly the fair value inputs were calibrated to reduce the fair to the amount advanced. Subsequent measurements of the fair value use the calibrated inputs adjusted for changes in time or market related changes that have occurred since the original issuance date.

SELECTED QUARTERLY FINANCIAL INFORMATION (expressed in thousands except per share amounts)

	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-18	30-Sep-17	30-Jun-17
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	(3,033)	(47,235)	202,683	-	-	-	-	-
Net (loss) income	3,844	(59,887)	153,966	(2,938)	(7,822)	(4,442)	(12,521)	(1,146)
(Loss) income per share, basic	\$0.10	(1.22)	4.50	(0.13)	(0.59)	(0.21)	(0.70)	(0.10)
Loss (income) per share, fully diluted	\$0.09	(1.18)	4.21	(0.07)	(0.59)	(0.21)	(0.70)	(0.10)
Total assets	224,073	221,084	296,137	31,250	35,104	10,028	11,980	13,631
Working capital surplus / (shortfall) ¹	189,156	58,568	249,782	27,467	33,281	9,748	11,056	12,074
Dividends	-	-	-	-	-	-	-	-

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2019, the Company had cash and cash equivalents of \$10.0 million (2018: \$32.2 million) and positive working capital (excluding deferred share unit liabilities) of \$189.2 million (2018: \$33.3 million). Up until the quarter ended September 30, 2018, the Company had a history of operating losses and of negative cash flows from operations. The Company will remain reliant on positive net income from continuing operations and capital markets for future funding to meet its ongoing obligations. The application of the going concern concept is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate profitable operations. Management is of the opinion that it has sufficient working capital to meet the Company's liabilities and commitments as they come due for the next twelve months.

DIVESTITURE OF LATAM HOLDINGS INC. ("LATAM")

On September 27, 2018, the Company sold its investment in LATAM to Aphria Inc. ("Aphria"). Pursuant to the transaction, Aphria indirectly acquired the following interests from the Company: (a) 49% of Marigold Projects

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Jamaica Limited ("Marigold Projects"). Marigold Projects had received licenses to cultivate and conditional licenses to process, sell and provide therapeutic or spa services using cannabis products in Jamaica; (b) 100% of ABP S.A., an Argentinean pharmaceutical import and distribution company, which supported a number of university hospitals to secure an import permit for cannabis oil; (c) 90% of Colcanna S.A.S., a Colombian medical cannabis producer, currently licensed for cultivation and importation of THC and CBD, extraction, production, research and exportation of medical cannabis products; and (d) the right to purchase, a Brazil asset in one or more separate tranches, of up to 90% of the common shares which the Company is seeking to acquire, The Brazilian company is seeking a medical cannabis license. As consideration, Aphria issued 15,678,310 of its common shares to the Company and Aphria agreed to assume \$1,290,210 (\$1,000,000 USD) in aggregate liabilities.

The gain on sale of LATAM was calculated as follows:

Fair market value of consideration received on closing date ⁽¹⁾	\$	297,887,890
Less: Cost related to the LATAM investment ⁽²⁾		(93,084,187)
Gain on sale of investment	\$	204,803,703

(1) The fair market value on consideration received represents the value of 15,678,310 Aphria common shares at a September 26, 2018 closing price of \$19.00 per share, the day before the close of the transaction.

(2) Amount includes \$93,084,187 of direct costs to acquire the LATAM investments including the fair value of the Company's 18,855,630 common shares issued as consideration to acquire LATAM and its subsidiaries totalling \$64,016,574. The amount also includes transaction costs totalling \$11,319,038.

FINANCINGS

There have been no financings during the year ended March 31, 2019. Subsequent to year end, on July 8, 2019, the Company completed a \$50,000,000 private placement financing by way of the issue and sale of a senior secured non-convertible debenture ("Debenture"). The Debenture bears an interest rate of 6.0% per annum and will mature on July 8, 2021, unless such maturity date is otherwise shortened due to the occurrence of certain milestones. The Debenture may be repaid by the Company in cash or in-kind with securities held within the Company's investment portfolio. A director and senior officers of the Company and certain other shareholders each provided guarantees under the Debenture.

On February 13, 2018, the Company announced that it closed its bought deal offering, including the full exercise of the underwriter's over-allotment option (the "Offering"). The Company also announced the closing of the concurrent brokered private placement offering (the "Private Placement"), including the full exercise of the underwriter's over-allotment option. The Company sold a total of 3,091,772 units (each, a "Unit") of its securities at a purchase price of \$4.65 per Unit for total gross proceeds of \$14,376,740 under each of the Offering and the Private Placement, for total gross proceeds of \$28,753,480. Each Unit consists of one common share and one common share purchase warrant exercisable for a period of 24 months from the closing date at an exercise price of \$5.50 per Unit. As part of the Private Placement Financing, Aphria subscribed for 2,688,500 Units of the Company. During March 2017, the Company issued subscription receipts at \$8.00 per subscription receipt for gross proceeds of \$13,285,000 pursuant to a private placement. Subsequently, the subscription receipts were converted into shares of common stock on a one-for-one basis. During the three-months ended March 2017, the Company also completed a private placement financing raising gross proceeds of \$2,965,945 by issuing 1,482,972 common shares at \$2.00.

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INCOME TAXES

The Company's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes as a result of the following:

An analysis of deferred tax assets and deferred tax liabilities is as follows:

For the year ended March 31,	2019	2018
	\$	\$
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	771,108	-
Deferred tax asset to be recovered within 12 months	336,000	-
Deferred tax liabilities		
Deferred tax liability within 12 months	(2,305,000)	-
Deferred tax liability, net	(1,197,892)	-

A reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2018: 26.5%) to the effective tax rate is as follows:

For the year ended March 31,	2019	2018
	\$	\$
Net income (loss) before recovery of income taxes	110,748,665	(25,931,386)
Expected income tax (recovery) expense	29,348,396	(6,871,817)
Share based compensation and non-deductible expenses	1,036,720	4,857,846
Loan Impairment Loss (For Accounting Purposes)	59,650	-
Transaction Costs	3,100,650	-
Accounting Loss on Disposition of Aphria Shares	15,847,110	-
Funding to Foreign Company (Acquired the control after the year end)	614,110	-
Net Capital Gain on Disposition of Shares	24,014,780	-
Accounting Gain on disposal of LATAM Assets	(57,357,500)	-
Accounting Gain on Disposition of Shares in Other Canadian Companies	(241,420)	-
Unrealized Fair Value Adjustment on Securities	(102,570)	-
Equity pick up and deconsolidation	1,509,810	-
Utilization of losses for debt forgiveness	-	372,856
Other Adjustments	515,814	71,077
Change in tax benefits not recognized	(2,582,550)	1,570,038
Income tax expense	15,763,000	-

The following table summarizes the components of deferred tax:

For the year ended March 31,	2019	2018
	\$	\$
Share issue costs	1,107,108	-
Deferred tax assets	1,107,108	-
Unrealized gain on investments	(2,305,000)	-
Deferred tax liability	(2,305,000)	-

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SHARE CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of common shares without par value. As at July 29, 2019, the Company's issued and outstanding shares, stock options and warrants were as follows:

	Amount
Common shares	47,209,520
Warrants	7,656,864
Warrants – double dilution ⁽¹⁾	432,848
Stock options	1,947,400
Deferred share units	970,911
Total fully diluted	58,217,543
Add: Shares to be issued related to the Brazil transaction ⁽²⁾	655,738
Total proforma fully diluted	58,873,281

(1) 432,848 of the warrants convert into units, with each unit consisting of one common share and one warrant.

(2) In consideration of the acquisition, the Company will issue on the closing date the value of \$2,400,000 of its common shares at an issue price equal to the volume weighted average price of the common shares over the 20 trading days prior to the closing date of the acquisition. As at September 30, 2018, the number of common shares required to be issued would have been 655,738 based on \$3.66 share price.

DECONSOLIDATION OF IMPACT BIOSCIENCES CORP.

Effective August 1, 2018, the Company determined it met the criteria to be to be designated as an investment entity, as defined within IFRS 10. Accordingly, the Company deconsolidated its former subsidiary, Impact Biosciences Corp. (formerly Scythian Biosciences Inc.). As a result of this deconsolidation, the Company has recorded a loss on deconsolidation totalling \$3,080,653 (2018: \$Nil). As a result of the de-consolidating Impact Biosciences Corp. the Company will no longer be recording research and development cost which amounted to \$2,679,322 for the period from April 1, 2018 to August 1, 2018 year ended March 31, 2018 - \$3,137,653). No revenues had been recorded related to Impact Biosciences Corp.

COMMITMENTS AND CONTINGENCIES

Promissory Note Due to Verano Holdings LLC ("Verano")

In addition, on October 23, 2018 the Company announced a binding membership interest purchase agreement (the "Purchase Agreement") to sell a 100% interest in 3 Boys Farms LLC ("3 Boys"), which it will acquire as described below, to Verano in exchange for \$130,976,000 (USD\$100,000,000) of Class B units in Verano. Subsequent to this announcement, on April 1, 2019, the Company announced that it had entered into an agreement to terminate the Purchase Agreement with Verano after thorough negotiations with Verano. Prior to the termination, Verano elected to enter into a form of a merger agreement with Harvest, and since Harvest already owned a Florida medical marijuana treatment center license the parties negotiated and finalized a termination of the Purchaser Agreement on terms that were agreeable to the Company. As a result of the termination, the Company and Verano entered into an agreement under which Verano sold certain marquee assets to the Company and/or 3 Boys including eleven (11) qualified and entitled dispensary sites (some of which had been purchased by Verano) and a 33 acre parcel of land in Indiantown Florida (strategically located in close proximity to South Florida) that was being developed as a state of the art cultivation, processing and manufacturing facility in exchange for a promissory note of \$6,670,000 (USD\$5,000,000) payable 12 months from the date of execution at an interest rate of 10% per annum.

Lease Obligations

The Company entered into a lease agreement for office space which terminates in 2022. The Company has recognized a liability of \$218,741. The Company has accrued the full amount of this liability with the corresponding amount expensed in the profit and loss as the Company is presently not utilizing the premises. The liability were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 5.95% per annum for similar assets.

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Litigation

From time to time the Company may be subject to litigation and claims against it, in ordinary course of business. The Company is aware of two actions relating to its disposal of LATAM. As such no amounts have been accrued in these financial statements.

RELATED PARTY TRANSACTIONS

Parties are considered related if one party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and senior officers as key management. During the year ended March 31, 2019, the Company incurred payroll related costs of \$13,333,672 (2018: \$6,729,730) with directors and officers. As at March 31, 2019, \$17,791 (2018: \$Nil) was included in account payables owed to related parties. In addition, as at March 31, 2019, \$10,300,167 is included in accounts payable and accrued liabilities related to bonus amounts due to key management accrued that had not been paid as at March 31, 2019.

For the year ended March 31,	2019	2018
	\$	\$
Salaries and consulting fees to directors and officers	7,984,374	652,711
Share-based payments to directors and officers	4,864,214	6,069,519
Consulting fees to directors	485,084	7,500
Total	13,333,672	\$ 6,729,730

In addition to the amounts noted above \$5,908 (2018: \$Nil) was paid to a law firm in which a director of the Company is a partner.

CHANGES TO MANAGEMENT, THE BOARD OF DIRECTORS AND ADVISORY BOARDS

The following changes to management and Board have occurred during the past 12 months:

- ∞ On November 1, 2018, Andy DeFrancesco was appointed Chief Investment Officer.
- ∞ On October 3, 2018, Brady Cobb was appointed Chief Executive Officer replacing Rob Reid. Rob Reid remains on the Board.
- ∞ On September 4, 2018 Andy DeFrancesco was appointed to the title of Chairman of the Board.
- ∞ On September 28, 2018, Peter Liabotis was appointed Chief Financial Officer replacing Jonathan Held.
- ∞ On July 30, 2018, Brady Cobb was appointed to the Board.
- ∞ On July 26, 2018, George Scorsis resigned from the Board.
- ∞ On August 1, 2018, Jonathan Gilbert resigned from the Board.
- ∞ On April 25, 2018, Rob Reid was appointed Chief Executive Officer
- ∞ On April 25, 2018, Roger Rai rejoined the Board.
- ∞ On April 25, 2018, Renah Persofsky and Vic Neufeld resigned from the Board and Jonathan Gilbert stepped down as Chief Executive Officer.
- ∞ On March 7, 2018, Renah Persofsky and Rob Reid joined the Board and Roger Rai and Gary Leong resigned from the Board.
- ∞ On February 15, 2018, the Company appointed Professor Michael Barnes as Chief Medical Officer.
- ∞ On January 15, 2018, the Company announced the appointment of Vic Neufeld and George Scorsis to the Board replacing Peter Benz and Michael Petter who have resigned from its Board.

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OTHER CORPORATE DEVELOPMENTS AND HIGHLIGHTS

On August 15, 2018, the Company commenced trading on the Canadian Securities Exchange (the "CSE"). The Company voluntarily delisted its shares from the TSX Venture Exchange on August 17, 2018. On February 22, 2018, the Company commenced trading on the OCTQB.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

REVERSE TAKEOVER TRANSACTION – USE OF PROCEEDS

As part of the reverse takeover transaction, the Company presented a use of proceeds in its filing statement dated June 30, 2017. The Company subsequently revised the planned use of proceeds upon the disposition of Go Green. On February 13, 2018, the Company also completed a financing, resulting in additional proceeds allocated. The following table presents the key allocations of the remaining proceeds as well as the funds used during the period.

	Funds allocated as of March 31, 2018 ⁽²⁾	Use of funds through March 31, 2019	Funds remaining to be allocated
Research and development	\$ 6,000,000	\$ 2,679,322	\$ 3,320,668
General, administrative and operating	9,090,179	9,090,179	-
Acquisitions and transaction costs ⁽¹⁾	15,997,283	15,997,283	-
Total	\$ 31,087,462	\$ 27,776,794	\$ 3,320,668

(1) Acquisition and transaction costs include promissory notes issued associated to allocations.

(2) Funds allocated as of March 31, 2018 consist of the initial funds allocated and reallocations and funds used prior to March 31, 2018.

(3) All numbers exclude non-monetary transactions.

REGULATORY DEVELOPMENTS

The commercial medical marijuana industry is a relatively new industry and the Company anticipates that such regulations will be subject to change. The Company's operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, distribution, storage and disposal of the product candidates but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may adversely affect its operations.

Regulatory Developments in the United States

In the United States, marijuana is largely regulated at the state level. To the Company's knowledge, there are to date a total of 38 states, plus the District of Columbia, Puerto Rico and Guam that have legalized marijuana in some form either for a medicinal use and/or for adult/recreational use. Notwithstanding the permissive regulatory environment of medical marijuana at the state level, marijuana continues to be categorized as a Schedule 1 controlled substance under the Controlled Substances Act of 1970 (the "CSA") and as such, violates federal law in the United States.

The United States has a complex regulatory landscape when it comes to medical marijuana. The CSA regulates the possession, importation, manufacture, distribution and dispensing of controlled substances under United States federal law. Under the CSA, controlled substances are classified into schedules based on their potential for abuse by a patient or other user. Marijuana is and always has been classified as a Schedule 1 substance under the CSA. Under the CSA, all Schedule 1 substances are subject to strict production quotas and, unlike drugs in other schedules, no medical prescription may be written for Schedule 1 substances. The CSA, does, however, permit the possession, manufacture, or distribution of marijuana or other Schedule 1 substances in furtherance of a government-approved research study.

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On August 29, 2013, the then Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational marijuana programs should not be a prosecutorial priority for violations of federal law. The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of marijuana, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to marijuana. States where medical marijuana had been legalized were not characterized as a high priority. Accompanying this memo was the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) guidance, which laid out a process for financial institutions to open accounts for marijuana-related businesses.

The United States Congress has passed appropriations bills each of the last three years that included the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016 ("Rohrabacher-Blumenauer Amendment"), which by its terms does not appropriate any federal funds to the United States Department of Justice for the prosecution of medical marijuana offenses of individuals who are in compliance with state medical marijuana laws. This enacted legislation remains in force today.

In March 2017, the then appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit; however, he disagreed that it had been implemented effectively and, on January 4, 2018, Attorney General Jeff Sessions issued a memorandum (the "Sessions Memorandum") that rescinded the Cole Memorandum, but notably did not rescind the FinCEN guidance which accompanied it. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to marijuana enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principals are included in chapter 9.27.000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.

As a result of the Sessions Memorandum, federal prosecutors will be free to use their discretion to decide whether to prosecute marijuana activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such marijuana activities, and resultantly it is uncertain how actively federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical marijuana by federal prosecutors. Medical marijuana is currently protected against enforcement by enacted legislation from United States Congress in the form of the Rohrabacher-Blumenauer Amendment, which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical marijuana laws enacted at the state level, subject to Congress restoring such funding. Due to the ambiguity of the Sessions Memorandum in relation to medical marijuana, there can be no assurance that the federal government will not seek to prosecute cases involving marijuana businesses that are otherwise compliant with state law.

Subsequent to the issuance of the Sessions Memorandum on January 4, 2018, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department of Justice up and through the 2018 appropriations deadline of December 31, 2018. This provision has been extended and remains in place as of the date of this MD&A. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals

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when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business—even those that have fully complied with state law—could be prosecuted for violations of federal law. If Congress restores funding, the United States government will have the right to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

Additionally, the 2018 Farm Bill passed out of both chambers of Congress and was signed into law by President Trump on December 20, 2018, and said bill includes the Hemp Farming Act. The Hemp Farming Act removes hemp and CBD products with less than .3% THC from Schedule 1 of the CSA. This will allow market participants such as the Company to cultivate, process and dispense hemp and CBD products (with less than .3% THC) throughout the United States without violating the CSA, and will also serve to open up banking and financial services for such hemp and CBD operators. Presently, the United States Food and Drug Administration has indicated that it will initiate public commentary workshops and rulemaking proceedings relative to the issuance of regulations to govern the nascent CBD marketplace and products, and such proceedings began on May 31, 2019. The FDA held a public hearing to determine the safety, manufacturing, product quality, marketing, labeling and sale of CBD products, and opened the forum to public comments on the matter. On July 12, 2019 Principal Deputy Commissioner Dr. Amy Abernethy stated via social media site Twitter that the FDA is "expediting its work to address" questions surrounding CBD and plans "to report on [its] progress around end of summer/early fall." As the FDA continues its rulemaking proceedings, the Company will be an active participant. Additionally, the STATES Act was filed in 2018 by Senator Cory Gardiner (R-CO) and Elizabeth Warren (D-MA), and the STATES Act if passed will remove medical or adult use marijuana related conduct from Schedule 1 of the CSA in states where such uses/activities have been made legal by state law, so long as such operations are compliant with state law. The STATES Act is set to be heard in Congress in 2019, and the SAFE Banking Act (which would provide a safe harbor to banks who wish to serve the cannabis marketplace) was passed out of the House Financial Services committee in March of 2019 with a strong bipartisan vote, and will be heard in full by the Congress in the Fall 2019 session. Although recreational use of marijuana is criminalized at the state level, medical marijuana is now legal under the Florida Constitution. The process of legalization began in 2014, when the legislature for the State of Florida passed the *Compassionate Medical Cannabis Act* which legalized a non-euphoric strain of marijuana for medical use in Florida for certain patients with terminal illnesses and certain other conditions. In November 2016, Amendment 2 to the Florida Constitution was approved which expanded the reach of the Florida Constitution to include medical marijuana to treat twenty plus medical conditions and/or those conditions that a physician would opine could be alleviated with the use of medical marijuana. The Florida legislature was granted an opportunity to draft and pass legislation to implement Amendment 2 during the 2017 legislative session, and the legislature passed, and the governor signed Senate Bill 8A, which is now codified as Fla. Stat 381.986 et seq. The Florida Department of Health, Office of Medical Marijuana Use has also initiated its rule making process to create rules and regulations that implement section 381.986, and that process is ongoing. To date, several procedural and administrative rules have been enacted pertaining to pesticide use, penalties for statutory violations and other administrative matters.

On November 7, 2018 Mr. Sessions resigned from his position. As of the date of this MD&A, William Barr has been appointed and confirmed as the United States Attorney General and his position on state legal cannabis marketplaces and their interplay/compliance with the CSA has not been officially promulgated. However, during his confirmation hearing, Barr was asked about his stance on cannabis, and he stated that he doesn't plan on using federal resources to "go after" cannabis companies if they are complying with state law.

The Company's business and its association with the University through the pre-clinical and clinical trials of The Company's Combination Therapy, which includes the use and/or handling of marijuana as a Schedule 1 substance, is in compliance with the laws in the State of Florida and the federal laws of the United States. The University was awarded a license from the Federal Drug Enforcement Agency to conduct the R&D Agreement as a government approved research project involving marijuana in accordance with the CSA. Additionally, neither the Company nor the University are engaged in the cultivation or dispensing of medical marijuana to patients in Florida. The approach to enforcement of medical marijuana by both the State of Florida and the United States government is subject to change, and any such change in the laws relating to medical marijuana may adversely affect the Company.

CRITICAL ACCOUNTING ESTIMATES

Use of Judgement, Estimates and Assumptions

The preparation of financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made. Certain areas of significant judgement include: classification of the Company as an investment company under IFRS 10, fair value of financial assets including investments and convertible debentures held, income taxes, share-based compensation and going concern assessment.

ADDITIONAL CHANGES IN ACCOUNTING POLICIES

Financial Instruments

The Company adopted IFRS 9 *Financial Instruments*, effective April 1, 2018, which supersedes IAS 39, *Financial Instruments: recognition and measurement* (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit and loss (FVTPL).

Where financial assets are measured at fair value at each reporting date, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI). For debt instruments, the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. For equity investments, the FVTOCI classification is an election. Further, the requirements for reclassifying gains or losses recognized in other comprehensive income are different for debt instruments and equity investments. The classification of a financial asset is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified. A debt instrument that meets both the business model test and cash flow characteristics test must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at FVTPL under the fair value option. All investments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value at each reporting date recorded in profit or loss. Purchases and sales of investments are recognized on the settlement date. Gains and losses arising from the sale of investments are recognized in profit or loss.

Investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. When units are purchased that consist of shares and warrants, the warrants received are also recognized at fair value, but any resulting gain or loss is deferred to the extent that the warrant fair value is determined using unobservable inputs.

IFRS 9 requires the Company to record an allowance for expected credit loss ("ECL") based on a 12-month ECL or lifetime ECL. Assets within the scope of IFRS 9 that are considered to have low credit risk have an impairment provision recognized during the period limited to a 12-month ECL. However, when credit risk has increased significantly since origination, that allowance will be based on the lifetime ECL. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. For other receivables, the Company applies the simplified approach permitted by IFRS, which requires lifetime ECLs to be recognized from initial recognition. Other receivables primarily consist of commodity

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taxes recoverable from the Government of Canada and interest receivable. The Company has classified its financial instruments as follows:

Financial Instrument	IFRS 9 Classification	IAS39 Classification
Cash	FVTPL	FVTPL
Guaranteed investment certificates	FVTPL	FVTPL
Promissory note receivable	FVTPL	FVTPL
Investments	FVTPL	FVTPL
Convertible debenture	FVTPL	FVTPL
Other receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Trading overdraft account	FVTPL	FVTPL
Deferred share unit liabilities	FVTPL	FVTPL

The Company's financial instruments measured at fair value on the statements of financial position are measured using one of the three levels of the fair value hierarchy are as follows:

- ∞ Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- ∞ Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- ∞ Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

IFRS 15 – Revenue from Contracts with Customers

The Company has adopted, effective April 1, 2018, IFRS 15 - Revenue from Contracts with Customers – The IASB issued IFRS 15 Revenue from Contracts with Customers and replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. IFRS 15 excludes from its scope revenue related to financial instruments. As a result, the adoption of IFRS 15 did not have a material impact on the financial statements.

New Accounting Policies to be Adopted

In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company will adopt IFRS 16 starting on April 1, 2019 and the adoption of IFRS 16 will have no material impact on the financial statement as the Company has already accrued the full amount payable under a lease of office premises as an onerous lease liability due to the fact that the Company is not using its premises. The onerous lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing which was determined to be 5.95% per annum for similar assets.

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FINANCIAL RISK MANAGEMENT

The Company is exposed and the impact on the Company's financial statements are summarized below:

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices. The market risks to which the Company is exposed are equity price risk and interest rate risk.

- ∞ Equity price risk - The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market. As at March 31, 2019, a 30% change in closing trade price of the Company's equity investment portfolio would impact net income by \$54,726,606 (2018: \$Nil).
- ∞ Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents, promissory notes and convertible debts held. The change in fair value of the Company's cash and cash equivalents, promissory notes and convertible debts held, due to changes of interest rates, is considered low.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency risk. From time to time, the Company holds financial instruments that are denominated in a currency other than the Canadian dollar. A significant portion of the Company's cash outflows are in United States Dollars, Euros and Great British Pounds. A significant portion of the Company's investments are denominated in foreign currencies. A 10% change in foreign currencies held would have resulted in a change in net income by \$719,647 (2018: \$96,138). During the year ended March 31, 2019, the Company recognized a foreign currency exchange loss of \$745,988 (2018: \$27,770).

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations as they become due. A company's ability to continue as a going concern is dependent on receiving continued financial support from its stakeholders and, ultimately, on the ability to generate continued and sustainable profitable operations. The Company generates cash flow from the disposal of investments, financing activities, and dividend and interest income. The Company primarily invests in equity and debt instruments of various public and private cannabis and non-cannabis companies. Due to a lack of an active market, the return on the disposal of investments in non-publicly traded companies may differ significantly from the carrying value of these investments. As of March 31, 2019, the Company's contractual cash flows, which were payable under financial liabilities consists of accounts payables, accrued liabilities and income tax payable with payments due in less than one year. The Company's financial assets are classified as being convertible into cash in less than one year. Management is of the opinion that sufficient working capital is available from its financings, its operations and its divestitures to meet the Company's liabilities and commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Given the relatively small size of the Company's staff, senior management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash

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and cash equivalents is subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes.

Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Company's operating results. As at March 31, 2019, the Company has invested in equities, convertible debentures, and warrants of public and private companies in the cannabis and non-cannabis sectors. The allocation between public and private companies is as follows:

	Cost	Fair value	Percentage
Publicly listed companies	31,128,439	32,788,159	18%
Private companies	142,209,613	149,461,444	82%
Warrants in listed companies	-	172,417	-%
	173,338,052	182,422,020	100%

ISSUERS WITH U.S. CANNABIS-RELATED ASSETS

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* (the “Staff Notice 51-352”), which provides specific disclosure expectations for reporting issuers in Canada that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state’s regulatory framework. All reporting issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other applicable disclosure documents in order to fairly present all material facts, risks and uncertainties about issuers with U.S. cannabis-related activities.

Such disclosure includes, but is not limited to, (i) a description of the nature of a reporting issuer’s involvement in the U.S. cannabis industry; (ii) an explanation that cannabis is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk; (iii) a discussion of statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities; and (iv) a discussion of the reporting issuer’s ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the U.S. cannabis industry, or deemed to have “ancillary industry involvement”, all as further described in Staff Notice 51-352.

In all U.S. jurisdictions in which the Company or its subsidiaries, as applicable, carries out cannabis-related activities, it (or the applicable subsidiaries) has obtained legal advice regarding compliance with applicable state regulatory frameworks, exposure and implication arising from U.S. federal laws in the states where it conducts operations. As of the date hereof, neither the Company nor its subsidiaries have received any notices of violation, denial or non-compliance from U.S. authorities, and the Company believes that the activities of its subsidiaries who are engaged in direct involvement of the cultivation or distribution of marijuana in the United States are being done in compliance with applicable state law, however strict compliance with state laws may not act as a shield to federal criminal liability. See “Risk Factors”.

Ability to Access Public and Private Capital

The Company has historically had access to both public and private capital in Canada in order to continue to support its continuing operations, including public and/or private equity offerings of its common shares, warrants, convertible debentures and notes. The Company’s executive team and the Board also have extensive relationships with sources of private capital (such as funds and high net worth individuals), that could potentially be available. Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously

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to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to issuers that are involved in the cannabis industry. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. See "Risk Factors".

RISK FACTORS

There are a number of risk factors that could cause future results to differ materially from those described in forward-looking statements. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

- ∞ The Company will require additional financing from time to time in order to pursue its business objectives and fund its ongoing and future operations and the failure to raise such capital on satisfactory terms or at all could result in the delay or indefinite postponement of current business objectives or the going out of business. In addition,
- ∞ Funding may be difficult to obtain given the fact that part of the Company's business is materially investing into cannabis companies in the United States of America, where federally cannabis is illegal by virtue of the fact that it is categorized as a Schedule I controlled substance under the U.S. Controlled Substances Act
- ∞ Servicing the Company's debt will require a significant amount of cash, and the Company may not have significant cash flow from the Company's business to pay the Company's debt.
- ∞ If additional funds are raised by the Company through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution.
- ∞ Laws, regulations and the policies with respect to the enforcement of such laws and regulations affecting the U.S. cannabis industry are constantly changing, which could detrimentally affect the Company's current or proposed business operations.
- ∞ The market price of securities of companies involved in the cannabis industry (such as the Company) have historically been very volatile and subject to wide fluctuations in response to various factors, many of which are beyond the Company's control. Such volatility, whether resulting from external market forces or as a result of the Company's failure to meet expectations, downward revision in analysts' estimates or other adverse changes, could negative affect the market price of the Company's securities or impair the liquidity of the Company's securities.
- ∞ The U.S. federal government's approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.
- ∞ The business of the Company, while believed to be compliant with applicable U.S. state and local laws, currently are illegal under U.S. federal law.
- ∞ The Company may have difficulty accessing the service of banks or other essential services, which may make it difficult to operate.
- ∞ Certain events or developments in the cannabis business generally may affect the Company's business, its reputation or the market price of the Company's securities.
- ∞ U.S. border officers could deny entry into the United States to non-U.S. citizens who are employees of or investors in companies with cannabis operations in the United States or Canada.
- ∞ The Company may become party to litigation or regulatory proceedings which could negatively affect the Company's business, financial condition and results of operations, or harm the Company's reputation. Such risks could arise regardless of the ultimate outcome of the litigation or regulatory proceedings.
- ∞ The Company has and may continue to invest in securities of private companies which may limit the Company's ability to sell or otherwise transfer those securities and/or direct management decisions of such companies

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- ∞ The Company may hold minority interests in such companies, which may limit the Company's ability to sell or otherwise transfer those securities and/or direct management decisions of such companies.
- ∞ There is no assurance that an investment in the Company's securities will earn any positive return.
- ∞ Third parties with whom the Company does business may perceive themselves as being exposed to reputational risk because of their relationship with the Company and may refuse to do business with the Company.
- ∞ Conflicts of interest may arise between the Company and the Company's directors and officers.
- ∞ The Company's investments in the United States may be subject to heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States.
- ∞ Up until the fiscal year ended March 31, 2019, the Company had incurred significant operating losses since inception and substantially all losses have resulted from expenses incurred in connection with research and development and general and administrative costs associated with operations plus costs related to the Company's previous business objectives in the mining industry. The Company may not be able to achieve or maintain profitability and may incur significant losses in the future.
- ∞ The Company is subject to all of the business risks and uncertainties associated with an early-stage enterprise including under-capitalization, cash shortages, limitations with respect to personnel, lack of effective internal controls, financial and other resources and lack of revenues.
- ∞ The requirements of being a public company may strain the Company's resources, result in more litigation and divert the attention of the Company's management.
- ∞ Any failure by the Company to maintain effective internal controls over financial reporting could have an adverse effect on the Company.
- ∞ The Company's success depends on the ability, expertise, judgment, discretion and good faith of its senior management, and the loss of services of such individuals, or an inability of the Company to attract, retain and motivate sufficient numbers of qualified senior management or skilled personnel could adversely affect the Company's business, financial condition and results of operations.
- ∞ Prior to obtaining regulatory approval for the sale of product candidates, the Company or companies that the Company has invested in must conduct pre-clinical testing and clinical trials, the results of which are uncertain and may not be favourable and are subject to delay, suspension or termination by the Company, the companies that the Company has invested in or other regulatory authorities for a variety of reasons.
- ∞ The Company or companies that the Company has invested in's ability to compete and grow will depend on it having access at a reasonable cost and in a timely manner to skilled labour, equipment, parts and components and no assurance can be provided that such resources will be available on favourable terms or at all.
- ∞ The Company or companies that the Company has invested in may face intense competition from other companies, some of which may have longer operating histories, more financial resources and manufacturing and marketing experience than the Company.
- ∞ Any decision to declare any dividends in the future will be made at the discretion of the Company's board of directors, and will depend on financial results, cash requirements, contractual restrictions and other factors that they may deem relevant. The Company currently has no dividends on record and may not pay any dividends in the foreseeable future. In addition, any dividends paid could be subject to tax and, potentially, withholdings.
- ∞ The Company or companies that the Company has invested in may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls and the inability to manage growth could adversely affect the Company's business, financial condition and results of operations.
- ∞ The success of the companies in which the Company has invested in depends in part on their ability to protect their ideas and technology, and no assurance can be given that they will be able to adequately protect their intellectual property in all relevant jurisdictions or that they will be successful in defending their intellectual property against claims by third parties that such intellectual property is invalid or infringes upon the intellectual property of others.
- ∞ There is uncertainty surrounding the policies of President Donald Trump and the Trump administration and their ability to influence policies in opposition to the cannabis industry as a whole.

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- ∞ The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations in the United States and Canada.
- ∞ The Company relies on the operators of the companies to which it invests to execute their respective business plans and operations.
- ∞ Cannabis cultivation operations of certain companies to which the Company has invested are subject to risks inherent in an agricultural business, are vulnerable to rising energy costs and dependent upon key inputs.
- ∞ The cannabis industry is highly regulated and the Company or the companies to which it invests, as applicable, may not always succeed in complying fully with all applicable regulatory requirements in all jurisdictions where the Company or the companies to which it invests carries on business.
- ∞ Cannabis pricing and supply regulation may adversely affect the Company's business or that of the companies to which it invests.
- ∞ The sale of cannabis products is subject to stringent regulatory limitations on advertising and marketing activities.

LISTING OF KEY COMPANY PERSONNEL

Board of Directors: Roger Rai (independent), Rob Reid, Brady Cobb and Andy DeFrancesco

Senior Officers: Brady Cobb, (Chief Executive Officer); Peter Liabotis, (Chief Financial Officer); Andy DeFrancesco, (Chief Investment Officer); Michael Barnes (Chief Medical Officer); and Maghsoud Dariani (Chief Science Officer).

